

Law of Georgia

Budgetary Code of Georgia

Part I. General Provisions and Terms

Chapter I. General Provisions

Article 1 - Objectives of the Code

This Code defines the principles of formation of the budgetary system of Georgia, regulates the rules for drafting, review, approval, execution, reporting and control of the state budget, republican budgets of the A / Rs and municipal budgets, as well as the budgetary relations and responsibilities of the central government of Georgia, the A / Rs and municipalities, and the legal entities created/incorporated by them.

Article 1¹ - Scope of the Code

1. This Code applies to the authorities of the central government of Georgia, A / Rs and local government bodies, the legal entities and organisations /created/incorporated by them, with the exception of the cases provided for in the second paragraph of this article, as well as to the state-owned enterprises.

2. This Code does not apply to the National Bank of Georgia, national regulatory bodies and entrepreneurial legal entities, with the exception of state-owned enterprises provided for in the first paragraph of this article, as well as to legal entities based on membership, unless they are organisations empowered to dispose the funds within the framework of programmes/subprogrammes defined by the respective budgets under this Code.

Article 2 - Budgetary system of Georgia

The budgetary system of Georgia is a set of budgetary relationships regulated by legal acts for the purpose of mobilizing and using funds to perform the functions of the central government of Georgia, A / Rs and local governments.

Article 3 - Legal bases of the budgetary system of Georgia

The budgetary powers of the participants in the budgetary system of Georgia shall be exercised in accordance with the Constitution of Georgia, the Organic Law of Georgia on Economic Freedom, the Constitutional Law of Georgia on the Status of the A / R of Ajara, the Organic Law of Georgia - Local Self-government Code, the Organic Law of Georgia on Approval of the Constitution of the A / R of Ajara, this Code, the Law of the A / R of Ajara on the Budgeting Process and Powers of the A / R of Ajara, the legislation of Georgia on taxes and fees, other legislative and subordinate normative acts of Georgia, as well as legal acts adopted (issued) by the central government of Georgia, A / Rs and local governments of Georgia.

Article 4 -Basic principles of the budgetary system of Georgia

1. Each participant of the budgetary system of Georgia shall be obliged to observe the following principles at all stages of the budgeting process:

- a) comprehensiveness – full reflection of all revenues, payments and balance changes in the respective budgets;
- b) transparency – publicity of procedures for consideration of draft budgets in representative bodies for the public and mass media; Publication of approved budgets and reports on their execution; Availability of budget information (except confidential information) for any individual and legal entity;
- c) accountability – the responsibility of all participants in the budgeting process for the activities carried out by them and the information provided about the budget;
- d) independence – independence of the state budget of Georgia, republican budgets of A / Rs and budgets of municipalities, which is provided by their own revenues and balance sheet, as well as the right to independently determine their payments in accordance with the legislation of Georgia;
- e) unity – management by the central government of Georgia, governments of A / Rs and local governments on a common basis, with a unified budget classification, with a unified accounting system, with unified principles of state financial control;
- f) universality - the use of all budget receipts to finance general payments, with the exception of cases established by this Code. In addition, no receipt other than donor-funded receipts shall be earmarked for financing a specific payment. The receipts received by a budget organisation may not be retained for its own purposes, except for the cases when the budget organisation is a legal entity of public law and/or a non-entrepreneurial (non-commercial) legal entity;
- g) consolidation – bringing all levels of budget receipts and payments into a single account system of the State Treasury, covering payments in the manner established by the legislation of Georgia, management of accounts of a single account system of the state Treasury by the State Treasury and their placement in the National Bank of Georgia and/or other banking institutions.

Article 5 – Budgeting process

A budgeting process is an integral part of the budgetary system of Georgia. The budgeting process is an activity of the participants in the budgetary system of Georgia, which includes drafting, submission, review, approval, adjustment, execution, reporting and control of a budget.

Article 6 - Definition of terms used in this Code

The terms used in this Code have the following meanings:

- a) government of an A / R – government bodies of the A / Rs of Abkhazia and Ajara;
- b) local government - municipal bodies;

b¹) legal entity of public law - for the purposes of this Code, a legal entity with the status of a legal entity of public law, established by the legislation of Georgia, which is:

b¹.a) created/incorporated under a relevant law, an ordinance of the Government of Georgia or an administrative act of the public administration body on the basis of a law, or a legal entity of public law incorporated by this legal entity of public law;

b¹.b) created/incorporated by a normative act of the supreme executive body of the A / R or a legal entity incorporated by this legal entity of public law;

b¹.c) created/incorporated by the relevant municipal body in the manner established by the Organic Law of Georgia - Local Self-Government Code, or a legal entity incorporated by this legal entity of public law;

b²) non-entrepreneurial (non-commercial) legal entity – a non-entrepreneurial (non-commercial) legal entity provided for by the legislation of Georgia, which is:

b².a) created/incorporated by the central government body of Georgia in the manner established by the legislation of Georgia and/or a legal entity incorporated by it;

b².b) created/incorporated by the government body of an A / R in the manner established by the legislation of Georgia and/or a legal entity incorporated by it;

b².c) created/incorporated by the municipality/municipalities in the manner established by the legislation of Georgia and/or is under its/their control and/or control of a legal entity incorporated by it/them;

b³) state-owned enterprise – an enterprise incorporated with state participation in accordance with the budget classification of Georgia, as reflected in the register approved by the order of the Minister of Finance of Georgia, owned by the public sector:

b³.a) a state-owned enterprise linked to the central government;

b³.b) a state-owned enterprise under the control of the relevant body of the A / R;

b³.c) a state-owned enterprise under the control of the relevant municipal body;

c) budget - a set of receipts to be received, payments to be made and changes in balances to fulfil the functions and obligations of the central, A / Rs and local government bodies of Georgia, approved by the relevant central, A / Rs and local government bodies of Georgia;

c¹) budget of a legal entity of public law/non-entrepreneurial (non-commercial) legal entity – a set of receipts to be received from all sources permitted by the legislation of Georgia, payments to be made from these sources, and changes in balances to fulfil the functions and obligations of a legal entity, provided for in paragraphs (b¹)/(b²) of this article, which is approved in the manner prescribed by the legislation of Georgia;

c²) budget of a state-owned enterprise - a set of receipts to be received from all sources permitted by the legislation of Georgia, payments to be made from these sources, and changes in balances to fulfil the functions and obligations of a legal entity, provided for in paragraph (b³);

d) consolidated budget of Georgia - a consolidated budget of the state budget of Georgia, republican budgets of the A / Rs, and municipal budgets of self-governing units. The consolidated budget may not be approved by any representative government body;

d¹) unified state budget - a consolidated budget of the central budget, unified republican budgets of the A / Rs, and the unified municipal budgets of self-governing units. The unified state budget may not be approved by any representative government body;

e) state budget – a set of receipts to be received, payments to be made, and changes in balances approved by the Parliament of Georgia for the purpose of fulfilling the functions and duties of the central government of Georgia;

e¹) central budget - the consolidated budget of the state budget and the budgets of legal entities provided for in subparagraphs (b¹.a), (b².a) and (b³.a) of this article. The central budget may not be approved by any representative government body;

f) consolidated budget of the A / R - a consolidated budget of the republican budget of the A / R of Abkhazia or Ajara and, accordingly, the budgets of its constituent municipalities. The consolidated budget of the A / R may not be approved by any representative government body;

f¹) unified budget of an A / R - a consolidated budget of the unified republican budget of the A / R and the unified municipal budgets of its constituent municipalities. The unified budget of the autonomous may not be approved by any representative government body;

g) republican budget of an A / R - a set of receipts to be received, payments to be made, and changes in balances approved by the Supreme Council of the A / R in order to fulfil the functions and duties of the A / Rs authorities;

g¹) unified republican budget of an A / R - a consolidated budget of the republican budget of an A / R and the budgets of legal entities provided for by subparagraphs (b¹.b), (b².b) and (b³.b) of this article. The unified republican budget of an A / R may not be approved by any representative government body;

h) municipal budget - a set of receipts to be received, payments to be made, and changes in balances approved by the representative body of the municipality - Sakrebulo in order to fulfil the functions and duties of municipal bodies;

h¹) unified municipal budget - a consolidated budget of the municipal budget and the budgets of legal entities provided for in subparagraphs (b¹.c), (b².c) and (b³) of this article. The unified municipal budget may not be approved by any representative government body;

i) approved budget - a state budget, republican budget of the A / R or municipal budget, approved by a representative body of the respective government;

j) adjusted budget - a state budget, republican budget of the A / R or municipal budget, adjusted on the basis of Articles 31, 69 and 92 of this Code;

j¹) approved budget of a legal entity of public law/non-entrepreneurial (non-commercial) legal entity - a budget provided for in subparagraph (C¹) of this article, approved in the manner prescribed by the legislation of Georgia;

j²) adjusted budget of a legal entity of public law/non-entrepreneurial (non-commercial) legal entity – a budget of the legal entity of public law/non-entrepreneurial (non-commercial) legal entity provided for in subparagraph (j¹) of this article, adjusted on the basis of Articles 31, 69 and 92 of this Code;

- k) allocations - the authority to make payments within the framework of the budget during the budget year;
- l) budget breakdown - monthly and/or quarterly distribution of budgetary receipts, payments and changes in balances in accordance with the budget classification (except for expenses and functional classification of transactions with non-financial assets);
- m) a municipality, its own and delegated powers – comply with the definitions given by the Organic Law of Georgia - Local Self-government Code;
- n) (deleted);
- o) targeted transfer - funds received by a municipal budget from the state budget and/or the republican budget of an A / R in the form of financial assistance for the implementation of delegated powers;
- p) special transfer - financial assistance provided between the state budget, republican budget of an A / R and municipal budgets for the elimination of the consequences (damage) of natural disasters, environmental and other types of disasters, military operations, epidemics and other emergencies, as well as for the implementation of other measures;
- p¹) capital transfer - financial assistance provided between the state budget, republican budget of an A / R and municipal budgets for the implementation of a capital project related to the growth of nonfinancial assets of the recipient of the transfer;
- q) spending institution - for the state budget and the republican budget of the A / R - a budgetary organisation provided for in the first rank of the programme classification, and for the municipal budget - a municipality;
- r) budgetary organisation - an organisation incorporated by a central, A / Rs, local governments of Georgia and/or accountable before/controlled by them, as well as another legal entity of public law/non-entrepreneurial (non-commercial) legal entity (if applicable) provided this is an organisation entitled to administer allocations within a program/subprogram determined by the budget of the respective level. When calculating the debt of the Government of Georgia, a state-owned enterprise is a budget organisation;
- s) State Treasury – a state subordinate institution of the Ministry of Finance of Georgia – Treasury Service;
- t) financial authority - a relevant executive authority of the municipality, the A / R, which is entrusted with the functions of drafting a municipal budget, a republican budget of the A / R, as well as managing and coordinating the implementation of the budget;
- u) budget year – a calendar year;
- v) annual budget - a budget approved by the representative body of the central, A / Rs, municipal governments, a budget approved for the relevant budget year of a legal entity of public law/non-entrepreneurial (non-commercial) legal entity, in the manner prescribed by this Code, as well as a budget of the state-owned enterprise;
- x) balance – cash funds available in the relevant budget account for the relevant period;
- y) free balance - that part of the balance that is not earmarked for any purpose;

z) changes in balances - the use or accumulation of cash funds available for the relevant period in the relevant budget account;

z¹) cash funds – monetary resources and deposits of the State Treasury, A / Rs, municipalities, legal entities, provided for in subparagraphs (b¹), (b²) and (b³) of this article, in national and foreign currencies, which are placed on accounts of the unified state treasury account, other accounts of the state treasury and accounts in commercial banks micro banks; *(effective from 1 July 2023)*

z²) cash flow – cash in-and out-flows, provided for by subparagraph (z¹) of this article, to and from the accounts provided for by the same subparagraph;

z³) payment obligation - registration in the State Treasury of an obligation to pay payments by a budgetary organisation during the budget year in the prescribed manner;

z⁴) financial commitment - an undertaking to commit by a budgetary organisation cash release at a future date;

z⁴₁) priority - the major direction of allocations provided for by the state budget, republican budgets of the A / Rs and municipal budgets of Georgia, within the framework of which spending institutions / budgetary organisations implement programmes / subprogrammes. The priority may also take into account the activities necessary for the functioning of various budgetary organisations;

Z⁵) programme - a set of activities to be implemented to achieve the priority goals defined by the budget, which are grouped according to similar content, are implemented to achieve a single final outcome and for the implementation of which one spending institution is responsible;

Z⁶) subprogramme - a set of activities to be implemented by a budgetary organisation within the framework of the programme of a spending institution.

Part II. General Regulatory Norms of the Budget System of Georgia and Distribution of Revenues between the Budgets

Chapter II. General Regulatory Norms of the Budget System of Georgia

Article 7 - Authority and responsibility of the budget process participants

1. Responsibility for drafting a budget, its execution and reporting shall rest with:

a) the Government of Georgia for a state budget;

b) a supreme executive body of the respective A / R for a republican budget of the A / R;

c) an executive body of the respective municipality for a municipal budget;

d) a body determined by the legislation of Georgia for a budget of the legal entity of public law / non-entrepreneurial (non-commercial) legal entity under this Code;

e) a respective state enterprise for a budget of the state-owned enterprise provided for by this Code;

2. Authority over the review, approval and control of the draft budget shall be assigned to:

a) the Parliament of Georgia for a state budget;

b) a supreme representative body of the respective A / R for a republican budget of the A / R;

c) a representative body of the respective municipality for a municipal budget;

d) a body determined by the legislation of Georgia for a budget of the legal entity of public law / non-entrepreneurial (non-commercial) legal entity under this Code.

3. The following institutions shall be responsible for the preparation of statistical information:

a) Ministry of Finance of Georgia for a unified state budget, consolidated and central budgets of Georgia;

b) a financial unit of the respective A / R for a consolidated budget of the A / R, a unified republican budget of the A / R, and a unified budget of the A / R;

c) a financial unit of the respective municipality for a unified municipal budget.

4. Minister of Finance of Georgia shall issue proper legal acts for the uniformity and compliance of the budgetary process with this Code at all levels of the budgetary system.

5. The regulations defined by this Code and other legislative acts of Georgia for legal entities of public law shall apply to the relations of non-entrepreneurial (non-commercial) legal entities provided for in Article 6(b²) of this Code with the budget process, including the provisions related to the following measures:

a) borrowings and guarantees;

b) definition of a budget, staff listing and payroll;

c) accounting, reporting and producing a balance sheet of financial and economic activities.

6. In relations with the budgetary process, including procurement procedures, funds allocated from the relevant budget shall be considered the funds received from this source until they are embarked on economic activities and/or households, irrespective of the status of the legal entity finally disposing such funds.

7. Receipts, payments and changes in balance of all budgetary organisations shall be recorded through a single state treasury account irrespective of the origin of such funding, except for the cases determined by this Code.

8. Financial units of A / Rs, municipalities and legal entities of public law and non-entrepreneurial (non-commercial) legal entities as defined in Article 6(b¹) and (b²) of this Code shall be entitled to:

a) open current and/or deposit accounts in commercial banks to generate additional revenues. It shall be prohibited for an account holder to perform other operations on the current account, except for the transfer of funds from and return of funds to an account opened with the state treasury, as well as the transfer of money to a deposit account and the return of money from a deposit account. Legal entities of public law and non-entrepreneurial (non-commercial) legal entities provided for by Article 6(b¹) and (b²) of this Code shall be also entitled to use the funds on these accounts as the subject of bank guarantees, loans and letters of credit for carrying out economic activities;

b) open accounts at commercial banks with a consent of the Ministry of Finance of Georgia to deposit funds kept in their temporary management that require confirmation of an authorized officials prior to their acknowledgement as revenues, which under the legislation of Georgia may be transferred to the entities entitled to receive such funds, be channelled to the respective budget, to the account holder at the account kept within the State Treasury or be returned to the taxpayer. Interest accrued to such account shall belong to the account holder and shall be channelled to his/her account kept at the State Treasury as soon as such interest income arises.

9. Funds withheld from accounts upon the call of bank guarantees envisaged in paragraph (8)(a) of the present article, as well as in cases envisaged in the legislation of Georgia upon the proposal of funds by third parties, shall be accounted by the State Treasury and reported in the manner approved by the Minister of Finance of Georgia.

10. Rules different from those envisaged in this Code for the legal entities provided for in Article 6(b¹) and (b²) of the present Code may be enforced if required in the international agreements concluded by Georgia.

11. Accounts of legal entities of public or private law defined in Article 6(b¹) and (b²) of the present Code shall be kept within the single treasury system. Control over the management and operation of such accounts, as well as the consent on the transfer of funds from such accounts shall be kept solely by the respective legal entity, apart for the exceptions made in the legislation of Georgia. It shall be prohibited to restrict the payments within the funds kept at such accounts by such legal entities under the single treasury system as permitted in the legislation of Georgia.

12. Respective software modules of public funds management of the Ministry of Finance shall be used in the budgetary process.

Article 8 - Budget Classification of Georgia

1. Budget classification includes economical classifications of receipts and expenditures, functional classifications of expenditures and transactions with nonfinancial assets, as well as classifications of nonfinancial assets and related transactions, financial assets and liabilities, along with the related transactions and program classifications. Program classification is a set of priorities, programs/subprograms and is defined within a budget. Program classification of the budgets of State and A / Rs of Georgia shall also cover spending institutions and expenditures of general state and republican importance.

2. The budget classification, except for the program classification, shall be approved by the Minister of Finance of Georgia on the basis of consultations with the State Audit Office of Georgia and agreement with the Finance and Budget Committee of the Parliament of Georgia.

Article 9 - Program budget

1. Allocations in the program budget shall be earmarked by priorities, programs/subprograms. Allocations in the budgets of the State and A / Rs shall be made by spending institutions and by payments of general state and republican importance respectively.

2. Program Budget shall cover information on programs/subprograms, their expected outcomes and performance indicators, along with the information on investment/capital projects.

3. Minister of Finance of Georgia shall approve the methodology required for program budgeting in agreement with the Finance and Budget Committee of the Parliament of Georgia.

4. The methodology for managing investment/capital projects shall be approved by the Government of Georgia.

Article 10 - Budget receipts

Budget receipts are a set of monetary resources received by the budget within a reporting period:

- a) revenues;
- b) nonfinancial assets (resources generated through the transactions with nonfinancial assets);
- c) financial assets (resources generated through the transactions with financial assets, except for the use of balance);
- d) liabilities (resources received as a result of making commitments).

Article 11 - Budget expenditures

Budget expenditures are a set of monetary resources to be allotted from the budget within a reporting period:

- a) expenses;
- b) nonfinancial assets (resources aimed for transactions with nonfinancial assets);
- c) financial assets (resources aimed for transactions with financial assets, except for accumulating balance);
- d) liabilities (resources directed towards the coverage of the principal portion of liabilities).

Article 12 - Budget surplus and deficit

1. Difference between the budget revenues and expenditures is the budget's operating balance, while the difference between the budget's operating balance and changes in the nonfinancial assets is the total budget balance.

2. A positive total balance is a budget surplus, while a negative total balance is a budget deficit.

Article 13 - Appropriations in case of non-approval of the budget

1. In case of non-approval of state and republican budgets of the A / Rs before the beginning of the budget year, the Minister of Finance of Georgia for the state budget, and an executive body of the respective A / R for the republican budget of the A / R shall have the right to allocate on a monthly basis to a spending institution the amount not exceeding 1/12 of the approved appropriations of the last budget year.

2. In case of non-approval of the municipality's budget before the beginning of the planned budget year, an executive body of the relevant municipality shall be entitled to allocate an amount not exceeding 1/12 of the approved appropriations of the last budget year per each priority.

Article 14 - Methodology and responsibility for accounting and reporting

1. In line with the respective international standards, Minister of Finance of Georgia shall issue proper regulations to ensure compliance of budgetary organisations of central government of Georgia, A / Rs and local governments of Georgia with the standard accounting procedures and reporting requirements.
2. Central government of Georgia, A / Rs and local governments of Georgia shall be responsible for the accounting and control over the receipts, expenditures and changes in balance, along with the compliance with the regulations issued by the Minister of Finance of Georgia.
3. Ministry of Finance of Georgia shall be responsible for the accounting of budget receipts, payments and changes in balance, as well as other operations related to the public debt and provided for by the legislation of Georgia.

Article 15 - Methodology of making budget execution reports

1. Spending institutions of the state budget shall make a budget execution report on the basis of a legal act issued by the Minister of Finance of Georgia, taking into account the requirements of this Code.
2. Budgetary organisations of a municipality (except for Tbilisi Municipality) shall report on the budget execution on the basis of a legal act issued by the Minister of Finance of Georgia, taking into account the requirements of this Code, while the budgetary organisations of the Tbilisi Municipality – in the manner established by the respective authorized body, taking into account the requirements of Articles 85, 86 and 87 of this Code.
3. Spending institutions of the republican budget of an A / R shall report on the budget execution in the manner established by the respective authorized body of the A / R, taking into account the requirements of Articles 108, 109 and 110 of this Code.
4. A state-owned enterprise linked to the government sector provided for in Article 6(b³) of this Code shall make a budget execution report on the basis of a legal act issued by the Minister of Finance of Georgia.

Article 16 - Cash execution of the budget

1. A state budget, republican budgets of A / Rs and municipal budgets, as well as the budgets of legal entities of public law and non-entrepreneurial (non-commercial) legal entities shall be executed with a cash method.
2. Authority of allocations envisaged in respective budgets shall terminate at 24:00 on 31 December of the current fiscal year.
3. Deleted.

Article 17 - Execution of budget receipts

1. Responsible institutions shall ensure the full and timely collection of receipts directed to the budget in accordance with the legislation of Georgia.
2. Receipts approved in an annual budget shall be projections and shall not restrict higher actual collections.
3. All receipts of the state budget, republican budgets of A / Rs and municipal budgets, as well as the budgets of legal entities of public law and non-entrepreneurial (non-commercial) legal entities defined in this Code shall be immediately channelled to the respective budgets.

Article 18 - Execution of budget expenditures

1. It shall be prohibited to overpay the appropriations provided for in the respective adjusted budget.
2. The powers of a budgetary organisation to bear payment obligation and make payments shall be determined by the rules issued by the Minister of Finance of Georgia in accordance with the requirements of this Code.
3. Financial obligations in excess of the appropriations may not be allowed, with the exception of the obligations assumed by international agreements of Georgia and multi-year purchases. A multi-year financial commitment may only be made within the limits of the allocation provided for a spending institution/priority with the respective medium-term plan. In this case, the funds necessary to fulfil a multi-year financial obligation must be considered in the draft budget of the corresponding year by the state budget and spending institutions of the A / Rs, and in the corresponding priority – by an executive body of the municipality. By decision of the relevant executive authority, it is possible to assume a multi-year financial obligation that differs from the parameters provided for by the relevant medium-term plan.

Article 18¹ - Refund of an overpaid or mistakenly paid budget receipt and transfer to another tax account

1. The procedure for refunding the amount of budget receipts paid in excess or mistakenly to the unified account of the state treasury and transferring the income to another type, as well as the refunding a Value Added Tax paid by a foreign citizen on goods purchased in Georgia shall be determined by an order of the Minister of Finance of Georgia.
2. Tax revenues shall be accounted and reported without including the funds transferred to the refund subaccount.
3. When accounting and reporting on the execution of budget receipts, adjustments shall be made by the amount of overpaid or mistakenly paid receipt, returned or transferred to another type of receipt.

Article 18² - Execution of tax and/or other liabilities by another person

1. Tax and/or other liability of a taxpayer/entity payable to the budget as defined in the legislation of Georgia may be executed by another person in the manner specifically established by the National Bank of Georgia, for which this person shall submit to the body receiving taxes and/or payments a document confirming the payment of a tax and/or payable provided for by the legislation of Georgia, or a confirmation certificate and/or document specifically established by the Minister of Finance of Georgia. In addition, confirmation of payment of a tax and/or other payment may be made electronically in the manner prescribed by the Minister of Finance of Georgia. The executed tax and/or other liability may not be refunded to the third party.

Article 18³ - Cash management and disbursement plan

1. Cash is disbursed from the unified account of the State Treasury to finance the expenditures of budgetary organisations in line with the breakdown of budgets.
2. Cash is disbursed from the unified account of the State Treasury to finance the expenditures of budgetary organisations on the grounds of the breakdown of budgets and a monthly plan of financial operations.
3. A monthly plan of financial operations for the release of cash from the State Budget shall be defined by the Minister of Finance of Georgia according to the forecast indicators of receipts, balance changes and payments for the respective period.
4. A monthly plan of financial operations for the release of cash from the State Budget defined by the Minister of Finance of Georgia shall comply with the indicators established based on the breakdown of budgets.
5. A draft monthly plan of financial operations for the release of funds from the State Budget shall be made, approved and cash shall be released by the Minister of Finance of Georgia in the manner established by this Code.

Article 18⁴ - State Treasury

1. The State Treasury shall be responsible for full and accurate accounting, transparency and reporting of receipts, expenditures and balance adjustments of the state budget, republican budgets of A / Rs and municipal budgets, as well as the budgets of legal entities of public law and non-entrepreneurial (non-commercial) legal entities provided for in this Code.
2. The State Treasury keeps a single account at the National Bank of Georgia. The State Treasury shall be authorized to open additional accounts at other banks.
3. The State Treasury shall be solely entitled to control the management and operation of the unified account of the State Treasury and other accounts, as well as grant permission to write off funds from these accounts, except for the cases provided for by the legislation of Georgia.
4. Cash at the disposal of the State Treasury is stored in a single account of the State Treasury, as well as in other accounts of the State Treasury.
5. The State Treasury shall report on the movement of cash at the end of each month.
6. It shall be prohibited for a budgetary organisation to open a bank account without an agreement of the State Treasury, except for the cases envisaged in Article 7 of this Code. The State Treasury shall be authorized to revoke the permission to open a bank account and close the account. A budgetary organisation shall ensure full and immediate accounting of all its receipts in the single account of the State Treasury, unless otherwise specified by this Code.

7. The State Treasury shall be entitled to use electronic documents in its activities.
8. A budget organization shall have the right to keep and/or print any document submitted electronically to the State Treasury and confirmed by the electronic service system of the State Treasury in the form of an electronic copy.
9. The security standards, rules and terms of service of the electronic service system of the State Treasury shall be defined by an order of the Minister of Finance of Georgia.
10. The State Treasury shall have the right to invest the funds at its disposal to obtain additional budget receipts in accordance with the procedure approved by the Government of Georgia.
11. The State Treasury shall be authorized to provide services under an agreement to a state-owned enterprise.

Article 19 – Inspection of budget execution and budget appropriations by the State Audit Office

The State Audit Office shall inspect the execution of the state budget of Georgia, republican budgets of A / Rs and municipal budgets and the spending of budgetary appropriations in the manner established by the legislation of Georgia.

Article 20 - Compliance of regulations with budget parameters

1. The draft law, which leads to an increase in the expenditures of the state budget for the current year, a decrease in revenues or the assumption of new financial obligations by the State, may be adopted by the Parliament of Georgia only after the approval of the Government of Georgia, and the abovementioned draft law relating to the next fiscal year - within the framework of the Basic Data and Directions (BDD) Document of the country submitted by the Government to the Parliament of Georgia or with the consent of the Government of Georgia.
2. The representative body of the A / R/municipality may adopt a draft legal act, which leads to an increase in the expenditures of the republican budget of the A / R and the municipal budget of the current year, a decrease in revenues and/or the assumption of new financial obligations by a body of A / R/municipality, only after the approval of the respective executive authority. A draft legal act of the representative body of the A / R/municipality - Sakrebulo related to the next fiscal year shall comply with the budgetary parameters of the following year to be planned, and if it causes changes in the budget parameters of the coming years, it may be adopted only with the consent of the executive body of the A / R/municipality.
3. A decision made by the supreme state authority of Georgia, state authority of A / R, which increases the amount of payments to the municipal budget or reduces its revenues, shall be compensated by the receiving body (from the state budget or republican budget of the A / R) during the year of making this decision.

Article 21 - Authority for taking out loans and issuing state guarantees

1. State loans may be taken out and state guarantees may be issued only by the Ministry of Finance of Georgia in the manner established by the legislation of Georgia.
2. A / Rs and municipalities shall be entitled to borrow from the Government of Georgia and/or other sources only with the permission of the Government of Georgia.

Article 22 - State debt limits and state guarantees

1. An annual budget shall set limits on the total amount of state debts, which may be outstanding by the end of the fiscal year. Limits are set separately for domestic and foreign debts. A loan taken from the National Bank of Georgia shall be subject to a separate limit.
2. The law on the Annual Budget shall set limits on state external and internal loan guarantees, which may be issued during the planned fiscal year.
3. The Ministry of Finance of Georgia shall be responsible for the management of state debts and other related issues.

Article 23 - Procedures for taking out state debts and issuing state guarantees

1. The Ministry of Finance of Georgia shall, within the limits established by the annual budget and other normative acts, decide on taking out state debts and issuing state guarantees in the manner established by the legislation of Georgia.
2. The Ministry of Finance of Georgia shall be authorized to take a loan in any form acceptable to its beneficiary and issuer in accordance with the Law of Georgia on Public Debt. The Ministry of Finance of Georgia shall be free to choose the type of financial instrument, including its characteristics and conditions. Within the framework of monetary policy interests, the Ministry of Finance of Georgia shall act on the basis of consultations with the National Bank of Georgia.
2. In accordance with the Organic Law of Georgia on the National Bank and on the basis of a written agreement between the Ministry of Finance of Georgia and the National Bank of Georgia, the National Bank of Georgia shall ensure the implementation of relevant decision on state debts.

Article 24 - Authority for granting loans

1. Loans may be granted from the state budget in the manner prescribed by this Code.
2. Loans may be granted from the republican budgets of A / Rs and municipal budgets only with the consent of the Ministry of Finance of Georgia.

Chapter III

Distribution of Receipts between Budgets

Article 25 - Rules for distribution of receipts between budgets

1. Receipts shall be distributed between the state budget, republican budgets of the A / Rs of Abkhazia and Ajara and municipal budgets in accordance with the Annex to this Code. The Ministry of Economy and Sustainable Development of Georgia shall draw up a list of nationwide and state-owned assets specified in this Annex.
2. Local taxes and collectables shall be paid in full to the municipal budget.
3. Receipts accounted for in the republican budgets of the A / Rs of Abkhazia and Ajara shall be distributed among the budgets of other levels of these republics in the manner established by the supreme representative bodies of the A / Rs.
4. Fines/sanctions/interests and other receipts imposed on contractors by budgetary organisations within the funds allocated from the state budget, republican budgets of the A / Rs and municipal budgets shall be directed to the appropriate budget (state budget, republican budget of the A / R or municipal budget). In accordance with the legislation of Georgia, fines/sanctions/interests imposed on contractors when carrying out activities within the framework of donor funding, shall also be directed to the respective budget, unless otherwise specified in an agreement concluded with the donor.

Article 26 - Distribution of budget receipts from cancelled taxes

In accordance with the legislation of Georgia, budget receipts from cancelled taxes shall be distributed as follows:

- a) the budget receipts received from the following cancelled taxes shall be fully directed to the state budget:
 - a.a) a flat tax on the import of vehicles;
 - a.b) a tax on vehicle owners;
 - a.c) a tax for the use of public roads;
 - a.d) a tax for entry into the territory of Georgia and exceeding the norm for loading vehicles;
 - a.e) a flat import tax on cigarillos and filter cigarettes;
 - a.f) a social tax;
- b) the budget receipts received from the following cancelled taxes shall be directed in full to the republican budgets of the A / Rs of Abkhazia and Ajara and municipal budgets:
 - b.a) a tax for environmental pollution with harmful substances;
 - b.b) tax for the use of natural resources;
 - b.c) a property transfer tax;
 - b.d) a resort fee;
 - b.e) a hotel tax;
 - b.f) an advertising tax;

b.g) a tax for the use of local symbols;

c) 80% of the funds received from the small business tax and the flat tax shall be directed to the state budget, and 20% - to the republican budgets of the A / Rs of Abkhazia and Ajara and municipal budgets.

Article 26¹ - Distribution and use of net profit generated by state-owned enterprises

1. A commission, the composition and the rules of procedure of which are determined by an ordinance of the Government of Georgia, shall consider proposals on the distribution and use of net profit generated by state-owned enterprises and make a decision (except for the decisions made by the Government of Georgia and the case provided for by the fifth paragraph of this article).

2. Dividends to be transferred from the net profit of the state-owned enterprises to the state as defined by the Commission indicated in the first paragraph of this article in accordance with the column 9.1 of the table of the Annex to this Code (Distribution of receipts between the state budget, republican budgets of the A / Rs of Abkhazia and Ajara and municipal budgets of Georgia by percentage indicators) shall be directed in full to the state budget of Georgia.

3. The commission indicated in the first paragraph of this article shall be entitled to take a decision on the purpose of spending the funds left to the enterprise from the net profit of the state-owned enterprise.

4. The Government of Georgia shall be entitled to take a decision on the distribution, use and appropriation of net profit generated by SOEs different from the second paragraph of this article.

5. A decision on the distribution and use of net profit generated by SOEs, shares of which are listed on the recognized stock exchange of a foreign country, shall be made in the manner established by the Law of Georgia on Entrepreneurs. In addition, the Government of Georgia shall be entitled to take a decision on the dividends to be transferred to the state from the net profit of the SOEs, in contrast with the rules envisaged in the second paragraph of this article.

Part III

State Budget

Chapter IV

General Norms for the State Budget

Article 27 – Nationwide Expenditures

1. The nationwide expenditures shall be the allocations envisaged in the first-tier code of annual budget, which include the following separate codes:

a) service and repayment of foreign state liabilities;

b) service and repayment of domestic state liabilities;

c) Reserve Fund of the President of Georgia;

d) Reserve Fund of the Government of Georgia;

e) a fund for projects to be implemented in the regions of Georgia;

f) a fund for the repayment of arrears of the previous years and the enforcement of court decisions;

g) transfers to A / Rs and municipalities.

2. Other categories of nationwide expenditures may be defined in the annual budget.

3. In addition to the funds provided for by this chapter, the disposal of other nationwide expenditures shall be determined by the annual budget.

Article 28 - Reserve funds of the state budget

1. The reserve funds of the President of Georgia and Government of Georgia shall be created in the state budget. The volume of these two reserve funds, taken together, may not exceed 1% of the total amount of appropriations provided for in the annual budget. The total volume of reserve funds may be increased by not more than 20 percent in comparison with the approved volume of each reserve fund in the manner established by this Code.

2. Funds from the reserve funds of the President of Georgia and the Government of Georgia shall be used to finance unforeseen payments of the state budget. The directions of spending the reserve funds of the state budget shall be determined by the President of Georgia and the Government of Georgia, respectively, in the amount determined by the adjusted budget.

3. Funds from the reserve funds of the President of Georgia and the Government of Georgia shall be allocated by the Ministry of Finance of Georgia on the basis of a relevant decision of the President of Georgia and the Government of Georgia, which includes information on the amount and purpose of the funds.

4. If the amount to be allocated from the reserve fund of the Government of Georgia does not exceed GEL 100,000, the Prime Minister of Georgia shall be authorised to make a decision to allocate the amount on the proposal of the Minister of Finance of Georgia.

Article 29 - Fund of projects to be implemented in the regions of Georgia

1. A fund for the implementation of projects in the regions of Georgia shall be created in the state budget, the disposal of which shall be carried out in accordance with the decision of the Government of Georgia.

2. The Ministry of Finance of Georgia shall allocate funds from the fund for projects to be implemented in the regions of Georgia based on the relevant decision of the Government of Georgia.

3. The amount of the fund for the implementation of projects in the regions of Georgia shall be determined by the annual budget.

4. If the amount allocated from the fund for the implementation of projects in the regions of Georgia does not exceed GEL 100,000, the Prime Minister of Georgia shall be entitled to make a decision on the allocation of the amount on the proposal of the Minister of Finance of Georgia.

Article 30 - Fund for repayment of arrears incurred in the previous years and enforcement of court decisions

1. A fund for the repayment of arrears incurred in the previous years and the enforcement of court decisions shall be created in the state budget, the disposal of which shall be carried out in the manner established by the legislation of Georgia and in accordance with the decision taken by the Government of Georgia.

2. The Ministry of Finance of Georgia shall allocate funds from the fund for the repayment of arrears incurred in the previous years and the enforcement of court decisions based on the relevant decision of the Government of Georgia.

3. The amount of the Fund for the repayment of arrears incurred in the previous years and the enforcement of court decisions shall be determined by the annual budget.

4. If the amount to be allocated from the fund for the repayment of arrears incurred in the previous years and the enforcement of court decisions does not exceed GEL 100,000, the Prime Minister of Georgia shall be entitled to decide on the allocation of the amount based on the proposal of the Minister of Finance of Georgia.

Article 31 - Redistribution of budget allocations and program reclassification

1. Allocations from one spending institution to another spending institution may only be redistributed by amending the annual budget law.
 2. Distribution of funds between programs, subprograms and budget classification items of a spending institution may be carried out with the consent of the Ministry of Finance of Georgia.
 3. The distribution of funds between the programs of the spending institution shall not exceed 5% of the appropriations provided for in the annual budget of the spending institution.
 4. On the basis of a proposal from spending institutions and a decision taken by the Government of Georgia, funds from allocations allocated to spending institutions may be redistributed to payments of national importance, if the redistributed funds do not exceed 2 percent. deductions approved by the annual budget for payments of national importance. The Ministry of Finance of Georgia is obliged to inform the Finance and Budget Committee of the Parliament of Georgia about this redistribution.
 5. On the basis of the relevant legal act and the proposals submitted by the spending institution, the Minister of Finance of Georgia shall have the right to make changes (addition of the program/subprogramme, change of the name of the program/subprogramme) to the program classification.
 6. Adjustment of the annual budget by means of redistribution of allocations for nationwide expenditures and the changes provided for in paragraphs 2-5 of this article shall be carried out in the manner established by the Minister of Finance of Georgia.
 - 6¹. The procedure for adjusting the budgets of legal entities under public law and non-entrepreneurial (non-commercial) legal entities provided for in subparagraphs (b¹.a) and (b².a) of Article 6 of this Code shall be determined by the Minister of Finance of Georgia. in terms of other incomes (off-budget funds) permitted by the legislation of Georgia. This rule establishes only the procedural issues of budget clarification, and the decision on budget clarification is made by the relevant legal entity in the manner established by the legislation of Georgia, in agreement with the supervisory authority (in case of such an obligation).
 7. If making changes in the state procurement plan of a budgetary organisation financed from the state budget results in redistribution of appropriations provided for in the adjusted budget, the budgetary organisation shall be obliged to, before making changes to the state procurement plan, redistribute funds between the relevant programs, subprograms and budget classification articles in the manner established by this article.
- [7. If the amendments to the state procurement plan of a budgetary organisation funded by the state budget result in the redistribution of the appropriations envisaged by the adjusted budget, this budgetary organisation must, before making changes to the state procurement plan, distribute funds between the relevant programs, subprograms and budget classification articles in the manner prescribed by this article. *(Effective from 1 January 2025)*]

Article 32 - Emergency Budget

1. In the event of the introduction of a state of emergency or martial law throughout the territory of Georgia or any part thereof, the Parliament of Georgia may approve an emergency budget submitted by the Government of Georgia for targeted financing of emergency or martial law-related measures.
2. In the case of the emergency budget, the percentage restrictions established by Articles 28 and 31 of this code shall be suspended.

Chapter V

State Budget Drafting, Submission and Approval

Article 33 - Coordination of state budget drafting and submission process

The Ministry of Finance of Georgia shall coordinate and bear responsibility for the State Budget drafting and submission process.

Article 34 - Basic Data and Directions Document of Georgia

1. The Basic Data and Directions (BDD) Document of Georgia is the main development plan of the country, which captures information on the mid-term macroeconomic and fiscal projections, along with information on the major directions of development within central government, governments of the A / Rs and local authorities.
2. Drafting of the BDD Document shall be ensured by the Ministry of Finance of Georgia through coordination with the National Bank of Georgia, State Representatives – Governors stationed in administrative-territorial units of the country, government bodies of the A / Rs and local government authorities, along with spending institutions defined by the Government of Georgia. With this aim in mind the officials and institutions referred above shall be obliged to submit the requested information to the Ministry of Finance of Georgia.

3. In order to prepare the BDD Document of the country by 1 March of each year, the Government of Georgia shall define by its ordinance a list of information and deadlines for submission of the requested data by spending institutions, government bodies of the A / Rs, local government authorities (except for the local authorities within such A / Rs) and SOEs.

4. In order to agree Basic Data and Directions with the committees of the Parliament of Georgia, the Government of Georgia shall submit information on the major macroeconomic projections and main directions of the line ministries of the country to the Parliament of Georgia by 1 June of each year. The conclusions of the committees of the Parliament of Georgia shall be sent to the Government of Georgia not later than 20 June. The ministries of Georgia shall approve their medium-term action plans by 30 June each year, which include priorities and programs and measures to achieve them.

5. The BDD Document shall include at least the following information:

a) for the past, current, planned budget years and three post-planned budget years:

a.a) forecasts of the main macroeconomic indicators (nominal and real Gross Domestic Product (GDP), economic growth, inflation, investments and etc.) and their description;

a.b) aggregated indicators of unified, consolidated and state budget revenues and expenditures, transactions with financial and non-financial assets and liabilities;

b) analysis of the final results of the State Budget Execution for the past fiscal year and adjusted projections for the current fiscal year;

c) for the planned budget year and for the three post-planned budget years:

c.a) state priorities defined by the Government of Georgia;

c.b) programs, aims and funding of spending institutions defined by an ordinance of the Government of Georgia;

c.c) only for information purposes – the medium-term priorities of the A / Rs and municipalities and the amounts, objectives and results of funding the programs and activities to be implemented to achieve them;

c.d) aggregated indicators on the benchmark marginal volume of appropriations for each spending institution of the state budget;

c.e) the list of priority directions of the state budget, within which the spending institutions of the state budget shall reflect their programs and subprograms in the respective budget applications;

d) the indicative limit number of employees for the planned budget year by spending institutions;

e) the main fiscal indicators projected within the limit volumes of the fiscal rules defined by the Organic Law of Georgia on Economic Freedom.

6. The Government of Georgia shall approve the first draft of BDD Document of the country not later than by 10 July 10 of each year (except for the information provided for by the fifth paragraph (c.c) of this article).

7. The BDD Document (except for the information provided for by the fifth paragraph (c.c) of this article) shall be submitted to the Parliament of Georgia in line with Articles 38 and 39 of the present Code.

8. The Government of Georgia shall ensure that the draft law of the State Budget and the BDD Document of the country shall be mutually consistent. The ministries of Georgia shall ensure compliance of their medium-term action plans approved on the basis of the fourth paragraph of this article with the BDD Document of the country and the Law on the State Budget.

Article 35 - Budget application and marginal volumes

1. The Ministry of Finance of Georgia shall ensure the submission of budget application forms to spending institutions through the e-budget management system not later than within 5 days from the approval of the BDD Document by the Government of Georgia, and through using them the spending institutions must submit electronically information on the budgets of coming fiscal years to the Ministry of Finance of Georgia.

2. Information submitted to the Ministry of Finance of Georgia by spending institutions on the coming fiscal years shall comply with the marginal volumes of staffing and budget allocations envisaged in the BDD Document for spending institutions.

3. Legal entities of public law and non-entrepreneurial (non-commercial) legal entities provided for by Article 6(b1.a) and (b2.a) of this Code that are not spending institutions of the state budget or budgetary organisations subject to its control shall submit budget proposals to the Ministry of Finance of Georgia under the rules defined by the first part of this article.

Article 36 - Submission of budget applications

1. Spending institutions submit their budget proposals to the Ministry of Finance of Georgia through the e-budget management system not later than by 1 September of each year. The budget application shall include at least the following information:

a) for past, current and planned fiscal years:

a.a) calculation of budget allocations earmarked for the spending institutions by the lowest tier of budget classifications (except for the program classification);

a.b) calculation of budget allocations earmarked for spending institutions by the program classification;

- a.c) approved and projected number of employees at the spending institutions;
- a.d) information on the projects funded by donor agencies and budget allocations earmarked for the co-financing and co-participation in such projects;
- a.e) information about the receipts, payables and balance changes received from any source permitted by the legislation of Georgia by a legal entity of public law/non-entrepreneurial (non-commercial) legal entity provided for by Article 6(b¹.a) and (b².a) of this Code, by the lowest tier of budget classification (except for the program classification), as well as information about the approved number of workers and forecasts;
- b) programs and subprograms for the planned budget year and three post-planned budget years from the budget appropriations provided for by spending institutions, along with the description of their funding, aims and goals, anticipated results and performance indicators;
- c) information on investment/capital projects in accordance with the methodology provided for in Article 9(4) of this Code.

1¹. The information provided for by subparagraph (a.e) of the first part of this Code shall be submitted by legal entities of public law and non-commercial (non - commercial) legal entities under Article 35(3) of this Code within the timeframe set for submitting a budget application in accordance with this Code.

2. Submission of a budget application above the marginal volumes (if any) provided for by Article 34(5)(c.d) and (d) of this Code by a spending institution shall be allowed only in the electronic form of the budget application in the electronic budget management system.

3. If the information reflected in the budget application shall be different from the information provided for in Article 34 (5)(c.b), (c.d) and (d) of this Code, the spending institution must, together with the budget application, submit information about the reasons for this difference to the Ministry of Finance of Georgia through the electronic budget management system.

3. Ministry of Finance of Georgia shall ensure the inclusion of budget allocations for nationwide expenditures in the draft state budget.

Article 37. State budget drafting

1. The Ministry of Finance of Georgia shall consider budget applications and submit main parameters of the State Budget to the Government of Georgia not later than 15 September of each year.

2. The Ministry of Finance of Georgia shall submit a draft state budget and an updated BDD Document to the Government of Georgia not later than 25 September of each year.

3. In case of disagreement between the Ministry of Finance of Georgia and a spending institution during the implementation of the measures provided for in the first and second paragraphs of this article, the Ministry of Finance of Georgia shall be authorized to submit to the Government of Georgia its own version of the draft state budget, in connection with which the Government of Georgia makes the final decision.

4. Deleted.

Article 38 - Submission of the draft state budget and the BDD Document to Parliament of Georgia

1. The Government of Georgia shall submit the draft state budget to the Parliament of Georgia not later than by 1 October of each year together with the supporting documents.

2. The BDD Document compatible with the draft state budget of Georgia shall be submitted to the Parliament of Georgia for consideration.

3. The draft state budget shall include at least the following information:

- a) the balance sheet of the state budget by budget classifiers;
- b) receipts of the state budget, changes in the balance sheet and the volume of appropriations provided for each spending institution by the following line items of the budget classifiers:
 - b.a) expenditures, including allocations for remuneration;
 - b.b) increase in non-financial assets;
 - b.c) increase in financial assets;
 - b.d) decrease in liabilities;
- c) the volume of appropriations provided for spending institutions according to the functional classifiers of expenditures and operations on non-financial assets;
- d) the volume of the state budget surplus or deficit;
- d¹) the main fiscal indicators projected within the limit volumes of the fiscal rules defined by the Organic Law of Georgia on Economic Freedom;
- e) the volume of state budget allocations according to the program classification;
- f) the volume of nationwide expenditures;
- g) marginal volume of state debt and loans guaranteed by the State;
- h) the projects funded by targeted credits and grants allocated by donors;
- i) priorities, within which spending institutions implement programs/subprograms, their description and goals through the funding of the state budget;
- j) percentage of each municipality's share of the total value added tax allocated to municipalities.

4. The following shall be attached to the draft state budget:

- a) explanatory note of the draft state budget, which contains the following information:
 - a.a) forecasts of the main macroeconomic indicators (nominal and real gross domestic product, economic growth, inflation, investments, etc.) and their description;
 - a.b) forecasts of fiscal indicators and their description;
 - a.c) information on major events and programs funded by the state budget;
- b) a brief overview of the implementation of the state budget for the current year;
- c) package of legislative amendments necessary for enactment of the annual budget law;
- d) additional information about the programs/subprograms defined by the budget, their expected results and performance assessment indicators;
- e) information on receipts to be received from any source permitted by the legislation of Georgia by a legal entity of public law/ non-entrepreneurial (non-commercial) legal entity under Article 6(b¹.a) and (b².a) of this Code, along with the payables and balance adjustments;
- e¹) information on receipts to be received from any source permitted by the legislation of Georgia by state-owned enterprises linked to the government under Article 6(b³.a) of this Code, along with the payables and balance adjustments;
- f) information on fiscal risks;
- g) information on investment/capital projects selected and evaluated according to the criteria determined by the methodology provided for in Article 9(4) of this Code, for the start of which allocations are provided in the budget of the planned year and/or in the fiscal indicators of the post-planned three years. This information must include the description of the investment / capital project, the cost, the timing of implementation and the expected results;
- h) information on tax expenses.

5. The information contained in the third paragraph of this article, except for the information provided for in subparagraph (i) of the same paragraph, shall be submitted for past, current and planned budgetary years.

6. The information provided for in subparagraph (i) of the third paragraph of this article shall be submitted for the planned budget year and for the post-planned three budget years.

7. The draft state budget with the attached materials and the BDD Document of the country shall be made available to the public upon submission to the Parliament of Georgia.

8. The materials attached to the draft state budget, except for those provided for in subparagraph (c) of the fourth paragraph of this article, are only informative and are not approved by the Parliament of Georgia.

9. The budgets of legal entities of public law and non-commercial (non-commercial) legal entities under Article 6(b¹.a) and (b².a) of this Code shall be approved in the manner prescribed by the legislation of Georgia.

Article 39 - Review and approval of the draft state budget

1. The committees and factions of the Parliament of Georgia shall discuss the draft state budget submitted to the Parliament of Georgia with the attached materials and the BDD Document. The conclusions of the committees shall be sent to the Budget and Finance Committee of the Parliament of Georgia.

2. During the committee discussion, the Minister of Finance of Georgia or his/her Deputy shall present the main parameters of the draft state budget, and the respective Minister or his/her Deputy, together with the Minister of Finance of Georgia or his/her Deputy, shall present information about the programs and subprograms to be implemented within the limits of the allocations provided for the ministries under the draft state budget and their financing.
3. The Parliament of Georgia shall send the report of the Budget and Finance Committee of the Parliament of Georgia to the Government of Georgia not later than 22 October. The Note expressed on the BDD Document of the country and the post-planned three budgetary years is advisory in nature.
4. The Government of Georgia shall re-submit the revised versions of the draft state budget and the country's BDD Document to the Parliament of Georgia not later than 5 November, including the information on the extent of consideration of the expressed remarks and proposals. The draft state budget shall be discussed at the plenary session.
5. At the plenary session, the report on the draft annual budget law and the short review of the state budget for the current year shall be presented by the Prime Minister or any member of the Government of Georgia with the instructions adopted by the relevant act of the Prime Minister. The Parliament of Georgia shall also hear the reports of the State Audit Office, the National Bank of Georgia and the Budget and Finance Committee of the Parliament of Georgia.
6. The report of the Budget and Finance Committee of the Parliament of Georgia shall be sent to the Government of Georgia not later than 20 November.
7. The Government of Georgia shall submit the final version of the draft state budget and the revised version of the relevant country's BDD Document to the Parliament of Georgia not later than 30 November, including the information on the extent of consideration of the expressed remarks and proposals.
8. The Parliament of Georgia shall vote on the draft state budget law not later than the third Friday of December. The law on the state budget shall be adopted by the majority of the full composition of the Parliament of Georgia at the first reading.
9. The draft state budget adopted by the Parliament of Georgia shall contain at least the information provided for by Article 38(3)(a-g) of this Code.
10. Amendments to the draft state budget in the Parliament of Georgia may be made with the consent of the Government of Georgia. In this case, the Government of Georgia shall submit to the Parliament of Georgia the corresponding amended draft law. Amendments to the draft state budget may also be made during its consideration at the plenary session of the Parliament if the speaker agrees with the expressed remarks.
11. If the Parliament of Georgia fails to adopt the draft law on the state budget before the third Friday of December, it is possible that the same version of the draft state budget or the draft revised by the Conciliation Committee of the members of the Government of Georgia and the Parliament of Georgia may be re-voted within 10 days, but not later than 31 December.
12. If the state budget is not approved, expenses shall be covered according to the state budget approved for the previous year, in accordance with Article 13 of this Code.
13. Not later than 1 month after the start of the planned budget year, the Ministry of Finance of Georgia shall, based on the information received from the municipalities and A / Rs, prepare the final version of the country's BDD Document and submit it to the Budget and Finance Committee of the Parliament

of Georgia.

14. The Annual Budget Law shall be promulgated in the manner prescribed by the legislation of Georgia.

Article 40 – Making changes and/or amendments to the Annual Budget Law

1. Making changes and/or amendments to the appropriations envisaged by the annual budget, except for the rule established by Article 31 of this Code, requires amendments to the Annual Budget Law. Amendments to the Annual Budget Law shall be made in the manner prescribed by this article, unless otherwise provided for by Article 40¹ of this Code.
2. Materials attached to the draft law on changes and/or amendments to the Annual Budget Law shall contain updated medium-term macroeconomic and fiscal forecasts and information reflecting the content of changes and/or amendments, except when there is no need to submit them based on the content of the changes and/or amendments.
3. Within 10 days after the submission of the draft law on amending the state budget by the Government of Georgia to the Parliament of Georgia, the Parliament of Georgia shall send the conclusion provided for by the rules of procedure of the Parliament of Georgia regarding the draft law to the Government of Georgia.
4. The Government of Georgia shall submit the revised version of the draft law on changes and/or amendments to the Law on the State Budget to the Parliament of Georgia for consideration not later than 5 days after adoption. The draft law must be accompanied by information on the extent of consideration of the expressed remarks and proposals.
5. The Parliament of Georgia shall consider the draft law on amending the State Budget Law at the plenary session not later than 7 days after the Government of Georgia submits the revised draft law.
6. At the plenary session, the draft law on amending the Annual Budget Law shall be submitted by the Prime Minister of Georgia or a person determined by the relevant act of the Prime Minister. The Parliament of Georgia shall also hear the reports of the State Audit Office, the National Bank of Georgia and the Budget and Finance Committee of the Parliament of Georgia.
7. The Parliament of Georgia shall adopt the draft law on amendments to the Law on the State Budget with the majority of the full composition, at the first reading.
8. If the Parliament of Georgia fails to adopt the draft law on changes and/or amendments to the State Budget Law, the same version of the draft law on changes and/or amendments to the State Budget Law or the draft revised by the Conciliation Committee of the members of the Government of Georgia and the Parliament of Georgia may be re-voted.
9. The law on changes and/or amendments to the Law on the State Budget shall be promulgated in the manner prescribed by the legislation of Georgia.

Chapter VI

Rule of Special Funding from the State Budget

Article 41 - Parliament of Georgia and the State Audit Office

1. The Parliament of Georgia shall submit the draft budgets of the Parliament of Georgia and the State Audit Office to the Government of Georgia not later than 15 June.
2. The procedure for the formation of draft budgets of the Parliament of Georgia and the State Audit

Office shall be determined by the rules of procedure of the Parliament of Georgia.

3. Reduction of the total amount of appropriations provided for by the articles of economic classification of expenditures in the state budget for the Parliament of Georgia and the State Audit Office compared to the corresponding amount determined by the approved budget for previous and current years shall be possible only with the prior consent of the Parliament of Georgia and the State Audit Office.

4. In agreement with the Ministry of Finance of Georgia, the Parliament of Georgia may exercise the right established by Article 31 of this Code without restriction for the distribution of appropriations allocated to it.

Article 42 - Constitutional and Common Courts of Georgia

Reduction of the total amount of appropriations provided for by the articles of economic classification of expenses for the Constitutional and Common Courts of Georgia in the state budget compared to the amount determined by the approved budget of the previous year shall be possible only with the prior consent of the Constitutional Court of Georgia and the High Council of Justice of Georgia.

Article 43 - Prosecutor's Office of Georgia

Reduction of appropriations for the Prosecutor's Office of Georgia in the state budget compared to the amount determined by the approved budget of the previous year shall be possible only with the prior consent of the Prosecutor General of Georgia.

Article 44 - Legal Aid Service

Reduction of the total volume of appropriations provided for by the articles of economic classification of expenses for the Legal Aid Service compared to the volume determined by the approved budget of the previous year shall be possible only with the consent of the Legal Aid Council.

Article 45 - Condition for determining the volume of special funding

The volume defined in Articles 41(3), 42 and 44 of this Code and determined by the economic classification of expenses shall not take into account the costs provided for in the same articles of economic classification of expenses for donor-funded projects and co-financing and co-participation of these projects.

Article 45¹ - Education funding

1. It is mandatory that the draft state budget be prepared and approved in such a way that according to the functional classification of the consolidated budget of Georgia, the amount of funding for education may not be less than 6% of the nominal gross domestic product projected for the planned year.

2. Funding of education sector to a lesser extent than defined in the first paragraph of this article may be planned only in the cases provided for by Article 2(7) of the Organic Law of Georgia on Economic Freedom.

3. Restoration of education funding in the volume defined by the first paragraph of this article is mandatory from the year following the achievement of the parameters provided for in Article 2(1) of the Organic Law of Georgia on Economic Freedom.

Article 45² - Ministry of Environmental Protection and Agriculture of Georgia

Within the framework of the appropriations of the Ministry of Environmental Protection and Agriculture of Georgia, the Environmental Program for the planned budget year shall be financed not less than in the amount of funds received into the state budget in the last budget year in the cases provided for by the law of Georgia on Environmental Responsibility.

Chapter VII State Budget Execution

Article 46 - Responsibility for the execution of the state budget

1. Budgetary organisations shall be responsible for making payments in accordance with appropriations and mobilizing receipts within their competence.
2. The Minister of Finance of Georgia shall oversee the organisation and management of the execution of the state budget.
3. The Parliament of Georgia shall be authorized to control the legality of spending of state budget funds by the Government of Georgia through the State Audit Office.

Article 47 - State budget breakdown

1. Within 5 working days after the publication of the State Budget Law, the spending institutions shall submit to the Ministry of Finance of Georgia information about the quarterly and/or monthly benchmark breakdown of the appropriations allocated to them by the state budget.
2. The Ministry of Finance of Georgia shall review the presented information and, taking into account the available resources, shall make a decision not later than 15 days after the promulgation of the State Budget Law on quarterly and/or monthly breakdown of state and consolidated budgets (part of taxes).
3. The free balance may be used for the purpose of financing the appropriations during the quarterly and/or monthly breakdown of the state budget, provided that the annual amount of the change in the balance provided for by the annual budget remains unchanged.
4. Changes and/or amendments to the Annual Budget Law shall require approval of a new breakdown or amendments to the existing one.
5. When submitting the information provided for by the first paragraph of this article, the spending institutions shall also submit information through the electronic budget management system, on other revenues (except for budgetary revenues), permitted by the legislation of Georgia, of budgets of their legal entities of public law and non-entrepreneurial (non-commercial) legal entities under Article 6(b¹.a) and (b².a) of this Code and those subject to their control, and the payments to be made from these sources of revenue, which must be in accordance with the information provided for by Article 38(4)(e) of this Code, submitted to the Parliament of Georgia within the period determined by Article 39(7) of this Code.
6. Legal entities of public law and non-commercial (non-commercial) legal entities under Article 6(b¹.a) and (b².a) of this Code, which are not state budget-spending institutions or budgetary organisations under their control, shall also submit the information provided for by the first paragraph of this article within the period provided for by this article.
7. Correction of the budget breakdown of a legal entity of public law/non-entrepreneurial (non-commercial) legal entity under this article shall be carried out in the prescribed manner, in order to comply with the approved budget of the public law legal entity/non-entrepreneurial (non-commercial) legal entity and for further clarification.

Article 48 - (Deleted)

Article 48¹ - (Deleted)

Article 49 - (Deleted)

Article 49¹ - (Deleted)

Article 50 - (Deleted)

Article 51 - (Deleted)

Article 52 - (Deleted)

Chapter VIII

Accounting, Reporting and Audit of the State Budget

Article 53 - Accounting and Reporting of the State Budget

1. The State Treasury shall carry out an accounting of expenditures to finance payments to the state budget in accordance with the budget classification, which includes information about all stages of payment implementation. The state Treasury shall also record the receipts provided for by the budget classification and the overpaid amounts refunded.
2. Within 20 days after the end of each month, the State Treasury shall prepare a report showing revenues, expenditures, balance changes and total balance of the state budget and submit it to the Parliament of Georgia.

Article 54 - Quarterly review of state budget execution

Within 1 month after the end of each quarter, the Ministry of Finance of Georgia shall submit to the Parliament of Georgia a quarterly review of the implementation of the state budget with cumulative sum, which includes:

- a) current developments in the field of macroeconomics and budget;
- b) comparison of receipts, payments (including payments of common-State importance), changes in the balance sheet and actual volumes of the total balance with the planned indicators of the respective period.

Article 55 - Preparation and submission of the annual report and reporting on the implementation of the state budget

1. Spending institutions and legal entities under Article 6(b1.a), (b2.a) and (b3.a) of this Code shall, in accordance with the instructions approved by the Minister of Finance of Georgia, prepare final reports and reports within the established time frame, which are sent to the Ministry of Finance of Georgia. The Ministry of Finance of Georgia shall, based on the data of the State Treasury and the information received from the spending institutions and other relevant budgetary organisations, prepare the annual report on the implementation of the state budget, which will be submitted to the Government of Georgia. The Government of Georgia shall transfer it to the State Audit Office within 3 months after the end of the budget year.
2. The Government of Georgia shall submit an annual report on the implementation of the state budget to the Parliament of Georgia immediately after the State Audit Office provides information on the completion of the report by the State Audit Office, but not later than 5 months after the end of the budget year.

Article 56 - Annual report on the implementation of the state budget

1. The annual report on the implementation of the state budget includes at least the following information about the implementation of the annual budget:
 - a) the balance of the state budget according to the budget classification;

- b) macroeconomic review;
- c) comparison of budget receipts and payments according to the budget classification with the planned indicators of the respective period;
- d) balances on the accounts of the unified account system of the state treasury for the beginning and end of the year;
- e) definition of discrepancies between appropriations approved and specified according to the programs of spending institutions, if such discrepancy exceeds 30%;
- f) definition of discrepancies between appropriations specified and amounts paid according to the programs of spending institutions, if such discrepancy exceeds 15%;
- g) information about the extent of performance of nationwide expenditures (including state debts outstanding at the end of the budget year);
- h) description of programs/subprograms implemented by spending institutions within the priorities set by the annual budget and the results achieved;
- i) annual performance indicators of budgets of legal entities of public law and non-entrepreneurial (non-commercial) legal entities under article 6(b¹.a) and (b².a) of this Code;
- i¹) cash performance indicators of budgets of SOEs linked to the government sector as provided for by Article 6(b³.a) of this Code;
- j) tax revenues received by the municipalities;
- k) information on the implementation of key fiscal indicators within the limit volumes of the fiscal rules defined by the Organic Law of Georgia on Economic Freedom.

2. The information provided in the first paragraph of this article shall reflect the data on the funds received by ministries and agencies during the year in the form of monetary grants/targeted financing, the accounting/expenditure of which is carried out during the budget year in accordance with the rules approved by the Minister of Finance of Georgia.

Article 57 - Inspection of the annual report on the execution of the state budget by the State Audit Office of Georgia

The State Audit Service shall, within 50 days after the Government of Georgia submits the annual report on the execution of the state budget, notify the Government of Georgia about the completion of the account of this report and submit the account of report on the state budget execution to the Parliament of Georgia.

Article 58 - Approval of the annual report on the execution of the state budget

After reviewing the annual report on the execution of the state budget and hearing the account of the State Audit Office regarding this report, the Parliament of Georgia shall adopt a resolution on approval or non-approval of the annual report on the execution of the state budget before the end of the spring session.

Chapter IX

Loan Issuance from the State Budget

Article 59 - Grounds for issuing a loan

1. The issuance of a loan from the state budget and its control shall be carried out in accordance with the conditions and rules established by this Chapter. Relations related to the issuance of loans, control of the targeted use of loans and fulfilment of loan repayment shall be regulated by this Code and a normative act of the Government of Georgia.

2. The norms of this Chapter shall not apply to:

- a) loans issued under projects funded by foreign donors;
- b) loans issued from the state budget to the A / R's republican or municipal budgets;
- c) loans issued before the enactment of this Code, except as provided for by the same Code;
- d) a loan issued within the framework of temporary state financing in accordance with the Organic Law of Georgia on the National Bank of Georgia, the procedure for issuing which is determined by a joint legal act of the Ministry of Finance of Georgia and the National Bank of Georgia.

3. Loans from the state budget shall be issued only on the basis of a decree of the Government of Georgia, which must define:

- a) the purpose of the loan;
- b) the source of loan issuance (Reserve Fund of the Government of Georgia provided for by the state budget, appropriation of a budgetary institution and / or others);
- c) a means of securing a loan request under this Code and / or an exceptional case;
- d) a loan issuing entity, a loan allocating entity, a loan receiving entity, a controller and other parties to the loan agreement;
- e) loan amount;
- f) annual interest rate for using the loan;
- g) terms for using the loan and returning the loan.

4. A decree may also define other conditions that are necessary for the issuance and return of a loan, for

its targeted and effective use.

Article 60 - A loan issuing entity and a loan receiving entity

1. The issuer of a loan from the state budget is the budgetary organisation from whose appropriations the loan is issued and/or to which the resources (funds) of the loan to be disbursed, in the manner established by the legislation of Georgia, are allocated from funds and / or other sources provided for by the state budget.
2. The recipient of the loan may be an enterprise or organisation defined by the Tax Code of Georgia or an entrepreneur of any legal form defined by the Law of Georgia on Entrepreneurs or a natural person.

Article 61 – Means of securing a loan

1. In order to secure loan obligations, a loan receiving entity must provide one of the means of securing the loan request defined in the second paragraph of this article.
2. The means of securing a loan request are:
 - a) a bank guarantee by which, in case of non-fulfilment of the obligations assumed by the loan receiving entity, the guarantor bank shall undertake a written obligation to transfer cash to the state budget upon the written request of the loan receiving entity to cover the overdue loan debt of the loan issuing entity;
 - b) insurance certificate (policy) of an insurance organisation, by which the insurance organisation issuing the policy undertakes a written obligation to transfer cash to the state budget upon the written request of the loan issuing entity when an insurance accident occurs, in order to cover the overdue loan debt of the loan receiving entity;
 - c) collateral and/or mortgage own property or the property of a third party in favour of the loan issuing entity.
3. In each specific case, taking into account the existing circumstances, a loan issuing entity shall choose the means of securing the loan request.
4. In case of overdue loan debt, a loan issuing entity may use the means of securing the loan claim under the rules and conditions established by the legislation of Georgia to cover the overdue loan debt.
5. A loan agreement shall provide an additional means of securing the loan request, according to which the loan receiving entity shall be liable for the failure to fulfil the loan obligations and/or improper fulfilment of the loan obligations.

Article 62 - Control over the targeted use of a loan

1. The control over the targeted use of a loan shall be exercised by a loan issuing entity, unless a decree defines another administrative body exercising control.
2. In case of misuse of a loan, the loan receiving entity shall be obliged to stop the unreasonable expenditure of the loan, correct the violated conditions within a reasonable period of time, apply the respective amount of the loan inappropriately used for the purposes stipulated by the loan agreement from his/her own funds.
3. If a loan receiving entity has not ensured the fulfilment of the obligations provided for by the second paragraph of this article, the loan receiving entity shall be obliged to return the inappropriately used loan (tranche) within 30 calendar days after receiving the written notice and pay the interest accrued on it, fine, surcharge, the accrual of which shall continue until the fulfilment of the relevant obligations.

Article 63 - Default of a loan receiving entity, means and conditions for repayment of overdue loans

1. Upon the occurrence of the overdue loan debt, a loan issuing entity shall have the right to apply to the loan receiving entity the powers granted by the loan agreement, this Code and the legislation of Georgia to ensure the repayment of the overdue loan debt.
2. As a means of repayment of overdue loan debt, it shall be possible to use the means of securing a loan request, forced enforcement against the loan receiving entity in accordance with the law of Georgia on Enforcement Proceedings and/or other measures provided for by the legislation of Georgia.
3. In order to ensure repayment of the overdue loan debt, a loan issuing entity shall be obliged to apply to the Ministry of Finance of Georgia in writing not later than 6 months after the origin of the overdue loan debt. Written notification of the loan issuing entity must be based on the presence of overdue loan debt, determine the amount of overdue loan debt, grounds for its origin, and contain appropriate justification.
4. The basis for using the means of repayment of overdue loan debt is an individual administrative-legal act of the Minister of Finance of Georgia, which is issued on the basis of written notification of the loan issuing entity, in compliance with the requirements of the General Administrative Code of Georgia, based on formal administrative proceedings.
5. Not later than 6 months after registration of the loan issuing entity's written notification to the Ministry of Finance of Georgia on the use of the overdue loan debt, the Minister of Finance of Georgia shall review and, based on the state interests, make a decision on the use or non-use of the means of repayment of the overdue loan debt. Loans issued to legal entities of public law, enterprises (stocks and/or more than 50% of shares of which are owned by a state body or municipality/municipalities) and legal/natural persons participating in state programs shall be considered as state interests. After the expiration of this period, the loan issuing entity's request to use the means of repayment of the overdue loan debt shall be considered unsatisfactory.

6. On the basis of the individual administrative-legal act of the Minister of Finance of Georgia on the use of the means of repayment of overdue debt, a writ of execution shall be written out, which shall be enforced in the manner prescribed by the law of Georgia on Enforcement Proceedings.

7. An individual administrative-legal act of the Minister of Finance of Georgia on the use of a means of repayment of overdue debt may be appealed to the court in the manner established by the legislation of Georgia. The appeal of the act may not result in suspension of its execution, as well as actions taken during the execution process.

Article 64 – Register of loans issued from the State Budget

1. Data on the loans issued from the State Budget are kept in a Registry, which is administered by a loan issuing entity. The loan issuing entity shall submit the following information to the Ministry of Finance of Georgia:

- a) information kept in the register once a month (as of the first date of the month);
- b) copies of a loan agreement, repayment schedule of loan and interest accrued on it, along with the amendments made to them.

1¹. The Ministry of Finance of Georgia shall establish a unified register of loans issued from the State Budget.

2. The Ministry of Finance of Georgia shall approve the procedure and form of the register of loans issued from the State Budget.

Part IV Budgets of Municipalities

Chapter X General Norms for the Budgets of Municipalities

Article 65 - Independence of budgets of municipalities

1. Each municipality has its own independent budget.
2. Budget of a municipality is independent of the budget of other municipalities, the state budget and the Republican budgets of the A / Rs.
3. The independence of municipal bodies in budgetary activities shall be guaranteed by their own receipts provided for by this Code and by independently determining the provision of payments for the exercise of their powers, as well as by the right to make independent decisions within the limits of the powers delegated under the law.
4. The authorities of the central and A / Rs of Georgia shall have no right to interfere in the budgetary powers of the municipal bodies.

Article 66 - Own and non-own receipts of the municipal budget

1. Local taxes and fees, the value added tax received by the municipality and other receipts intended for municipalities under the legislation of Georgia shall be included in the municipal budget.
2. Non-own receipts of the municipal budget shall include special, targeted and capital transfers and other receipts provided for by the legislation of Georgia.

Article 67 - Reserve Fund of municipal budget

1. To finance unforeseen payments to the municipal budget, a Reserve Fund is created, the volume of which may not exceed 2% of the total volume of allotments provided for by the annual budget.
2. Money from the Reserve Fund, based on the decision of a mayor, which includes information about the amount and purpose of the funds, shall be allocated by a financial institution.

Article 68 - Fund for repayment of debts incurred in previous years and enforcement of court decisions

1. The fund for repayment of debts incurred in previous years and enforcement of court decisions is created in the budget of the municipality, the disposal of which shall be carried out in the manner established by the legislation of Georgia and the decision made by the executive body of the municipality.
2. The amount of the fund for repayment of debts and execution of court decisions arising in previous years shall be determined by the annual budget.

Article 69 - Redistribution of municipal budget allocations and changes in program classification

1. Allocation of appropriations from one priority to another, except for appropriations allocated pursuant to articles 67 and 68 of this Code, may only be made by amending the approved annual budget.
2. Within the framework of one priority, it is possible to implement the distribution of funds between programs, subprograms and budget classification articles.
3. The allocation of funds between programs within the framework of one priority shall not exceed 5% of the payments approved by the annual budget for this priority, except for the appropriations allocated in accordance with articles 67 and 68 of this Code.
4. On the basis of the relevant legal act and proposals submitted by a budgetary organisation, an executive body of the municipality shall be entitled to make changes (addition of the program/subprogram, change of the name of the program/subprogram) in the program classification.
5. An Executive Body of the municipality shall be authorized to make adjustments in receipts and expenditures of the budget (including the program code and additions) to capture the funds allocated within nationwide expenditures under the State Budget on the basis of a respective legal act. Such amendments shall be submitted to the Representative Body of the municipality within 1 month, but not later than by the end of a fiscal year.
6. The annual budget shall be specified by the appropriations allocated in accordance with articles 67 and 68 of this Code and the amendments provided for in paragraphs 2-5 of this article in the manner established by the representative body of the municipality-Sakrebulo.

7. The specification of budgets of legal entities of public law/non-entrepreneurial (non-commercial) legal entities under Article 6(b¹.c) and (b².c) of this Code shall be carried out in the manner established by the representative body of the municipality – Sakrebulo.

Article 70 - Emergency budget

1. If a state of emergency is introduced in the entire territory of Georgia or in a certain municipality, the representative body of the municipality – Sakrebulo may approve an emergency budget submitted by the relevant executive body for targeted financing of measures related to the state of emergency.

2. For the period of validity of the emergency budget, the percentage restrictions established by articles 67 and 69 of this Code shall be suspended.

Chapter XI

Distribution of Value Added Tax Owed to Municipalities

Article 71 - Rules for distribution of value added tax owed to municipalities

1. The distribution of Value Added Tax to municipalities shall be carried out within the framework of the annex to this Code (“Distribution of receipts between the state budgets of Georgia, republican budgets of A / Rs of Abkhazia and Ajara, and municipal budgets by percentage”), within the indicator provided for by the Figure 4 of the table for municipalities.

2. In accordance with this article, Value Added Tax shall be distributed to all municipalities, except for the municipalities provided for in Article 164 of the Organic Law of Georgia - Local Self-Government Code.

3. The distribution of Value Added Tax for municipalities shall be based on the number of registered residents in the municipality, the number of children under 6 years old, the number of minors from 6 to 18 years old, the area of the municipality and the number of persons with the status of a permanent resident in a mountainous settlement. In particular, the Value Added Tax reserved for municipalities shall be distributed as follows:

a) 60% is distributed according to the number of registered residents in the municipality;

b) 15% is distributed according to the number of children under 6 years of age registered in the municipality;

c) 10% is distributed according to the number of minors from 6 to 18 years registered in the municipality;

d) 5% is distributed according to the area of the municipality;

e) 10% is distributed according to the number of persons with the status of a permanent resident in a mountainous settlement.

4. In the course of drafting a law on the State Budget, the Ministry of Finance of Georgia shall calculate the percentage of each municipality's share in the Value Added Tax determined for the municipalities in accordance with the first and second paragraphs of this article.

5. In accordance with Article 164 of the Organic Law of Georgia -Local Self-Government Code, special transfers shall be allocated to the municipal budgets, the volume of which is determined by the Budget Law of the respective year.

Article 72 - (Deleted).

Article 73 - (Deleted).

Article 74 - (Deleted).

Chapter XII

Drafting, Submission and Adoption of Municipal Budgets

Article 75 - Coordination of the process of drafting and submitting a municipal budget

1. A Financial Unit of the municipality shall coordinate the process of drafting and submitting a municipal budget.
2. The Ministry of Finance of Georgia shall provide the municipalities with appropriate methodical instructions for the purposes of drafting, submission and adoption of municipal budgets.
3. If requested by the Ministry of Finance of Georgia, the municipality shall be obliged to provide timely and complete information about the municipal budget.

Article 76 - Document of municipal priorities

1. The document of municipal priorities is a basic development plan for administrative units that reflects information on medium-term action plans.
2. The document of municipal priorities shall be developed by the executive body of the municipality in consultation with the respective Administration of the State Representative.
3. For the purposes of developing a document of municipal priorities, the executive body of the municipality shall start its work from 1 March of each year, for which it issues the relevant administrative-legal act, which defines the list of information to be submitted for the development of priorities and the deadlines for submission.
4. The document of municipal priorities must contain at least the following information:
 - a) aggregated indicators of revenues and expenditures of the municipal budget, operations and liabilities with financial and non-financial assets for past, current, planned budget years and three post-planned budget years;
 - b) analysis of the final results of the budget execution of the last budgetary year of the municipality and revised forecasts for the current budgetary year;
 - c) for the planned budget year and three post-planned budget years:

c.a) the priorities of the municipality defined by the executive body of the municipality and the programs/subprograms to be implemented within their framework;

c.b) medium-term priorities of the municipality and the amounts, objectives and results of funding of the main programs and events to be implemented to achieve them.

5. The executive body of the municipality (except for the municipality that is part of the A / R) shall submit the document of municipal priorities to the representative body of the municipality and the Ministry of Finance of Georgia not later than 15 November.

6. The municipality, which is part of the A / R, shall submit the document of priorities to the financial unit of the A / R in the manner established by the A / R.

Article 77 - Drafting a municipal budget, submission of the draft municipal budget and the document of priorities to the representative body of the municipality

1. The Ministry of Finance of Georgia shall inform the municipal bodies about the main budgetary parameters of the planned budget year by 15 July of the current year.

2. Taking into account the information received from the Ministry of Finance of Georgia, the financial body shall calculate the forecast indicators of receipts and payments and initiate the relevant procedures for drafting a municipal budget.

3. For drafting a municipal budget, the relevant financial body shall send budget application forms to budgetary organisations indicating the appropriations and the indicative marginal volumes of the number of workers.

4. A budget application shall contain at least the following information:

a) for past, current and planned budget years:

a.a) calculation of appropriations for programs/subprograms by the lowest tier of budget classification (except for program classification);

a.b) calculation of allocations according to the program classification;

a.c) the number of employees forecasted for a budgetary organisation;

a.d) information on donor-funded projects and appropriations provided for the co-financing and co-participation of these projects (if any);

a.e) information about the receipts to be received by a legal entity of public law / non-entrepreneurial (non-commercial) legal entity under Article 6(b¹.c) and (b².c) of this Code from any source permitted by the legislation of Georgia, the payments to be made from these sources and the changes in the balance;

b) programs/subprograms to be implemented from the budget allocations for the planned budget year and the three post-planned budget years, their financing, description, objectives, expected results and performance assessment indicators;

c) information on investment/capital projects in accordance with the methodology provided for in Article 9(4) of this Code.

5. Submission of a budget application by a budgetary organisation above the marginal volumes provided for by the third paragraph of this article (if any) shall be allowed only in the form provided for by the budget application.

6. The Ministry of Finance of Georgia not later than 5 October shall inform the municipal bodies about the forecast indicators of financial assistance and revenues from taxes to be transferred to the respective budget under the draft state budget.

6¹. It shall be inadmissible to plan the tax revenues of the budget by the municipality in an amount greater than the forecast indicators provided to it on the basis of the sixth paragraph of this article.

6². The tax revenue plan planned on the basis of paragraph 6¹ of this article may be increased only in agreement with the Ministry of Finance of Georgia.

7. The mayor of the respective municipality shall submit the draft budget to the municipal representative body – Sakrebulo not later than 15 November.

8. Together with the draft budget, the document of the priorities of the respective municipality shall be submitted to the representative body of the municipality - Sakrebulo.

8¹. The Financial Unit of the municipality shall draft the budget through the Electronic Public Financial Management System.

9. The draft budget shall contain at least the following information:

a) the balance of the budget according to the budget classification;

b) budget receipts, balance changes and the volume of appropriations for each program/subprogram according to the following articles of budget classification:

b.a) expenses, including allocations for remuneration;

b.b) increase in non-financial assets;

b.c) increase in financial assets;

b.d) decrease in obligations;

c) the volume of budget appropriations according to the functional classification of expenses and operations on non-financial assets;

d) the volume of budget proficiency or deficit;

e) the volume of budget allocations according to the program classification;

f) the volume of the Reserve Fund;

g) projects funded by targeted credits and grants allocated by donors;

h) priorities within which budgetary organisations implement programs/subprograms, their description and objectives through budget funding.

10. The attached materials of the budget project shall include:

a) the explanatory note of the budget project;

b) a brief overview of the current budget execution;

c) information on the receipts to be received by a legal entity of public law/non-entrepreneurial (non-commercial) legal entity under Article 6(b¹.c) and (b².c) of this Code from any source permitted by the legislation of Georgia, payments to be made from these sources and the change in the balance;

c¹) information on the receipts to be received by state-owned enterprises linked to the government under Article 6(b³.c) of this Code from any source permitted by the legislation of Georgia, payments to be made and the change in the balance;

d) additional information on programs/subprograms defined by the budget, their expected results and performance assessment indicators;

e) information on investment/capital projects selected and evaluated according to the criteria determined by the methodology provided for in Article 9(4) of this Code, the allocations for the start of which are provided in the budget of the planned year and/or in the fiscal indicators of the post-planned three years. This information must include the description of the investment / capital project, the cost, the timing of implementation and the expected results.

11. The information contained in the ninth paragraph of this article shall, except for the information provided for in subparagraph (h) of the same paragraph, be submitted for past, current and planned budgetary years.

12. The information provided for in subparagraph (h) of the ninth paragraph of this article shall be submitted for the planned budget year and for the three post-planned budget years.

Article 78 - Review and approval of the draft municipal budget

1. The draft budget shall be published for public discussion within 5 days after submission to the municipal representative body.

2. The representative body of the municipality shall publicly review the draft budget and make a decision on approval of the draft municipal budget before the start of the new budget year. The decision on the approval of the draft budget shall be made by the majority of the list composition of the representative body.

3. If there are comments, the representative body of the municipality – Sakrebulo shall return the draft budget to the mayor of the municipality with the comments not later than 25 November.

4. Not later than 10 December, the mayor of the municipality shall submit the same or revised draft budget and the document of priorities to the representative body of the municipality – Sakrebulo.

5. Changes to the draft budget may only be made in agreement with the mayor of the municipality during consideration by the representative body of the municipality – Sakrebulo.

6. If the representative body of the municipality – Sakrebulo has not approved the revised version of the draft budget submitted by the mayor of the municipality or the original edition of the budget in case of non-sharing by the mayor of the comments of Sakrebulo, the Sakrebulo may approve the draft budget initiated by the Sakrebulo faction with 3/5 of the list composition or at least 1/3 of the list composition of the Sakrebulo, which must only take into account the comments sent by Sakrebulo to the mayor in accordance with the third paragraph of this article or part of them.

7. If the draft municipal budget is not approved within 3 months from the start of the new budget year, the Government of Georgia shall have the right to terminate the powers of the representative body of the municipality – Sakrebulo in accordance with the Organic Law of Georgia - Local Self-Government Code.

7¹. A decision made by the representative body of the municipality – Sakrebulo on approval of the draft municipal budget shall contain the information provided for by Article 77(9) of this Code.

8. Not later than 20 days after the approval of the draft budget, the municipality (except for the municipality that is part of the A / R) shall send to the Ministry of Finance of Georgia the document of municipal priorities corresponding to the approved budget.

8¹. A budget of a legal entity of public law/non-entrepreneurial (non-commercial) legal entity under Article 6(b¹.c) and (b².c) of this Code shall be approved in the manner established by the legislation of Georgia.

9. An annual budget shall be promulgated and made available to the public.

Article 79 - Incorporation of targeted transfers in municipal budgets

1. Ministry of Finance of Georgia shall notify municipal bodies on the tentative threshold of the targeted transfers by 5 October of each year.
2. On the basis of the legislative acts of Georgia and/or an agreement, the executive body of the municipality shall, on the basis of the parameters submitted by the Ministry of Finance of Georgia, prepare the financing calculations of the programs and activities of the delegated powers in the municipal budget, as well as the volume of the targeted transfer and all of them together with the draft budget shall submit to the representative body of the municipality – Sakrebulo, which shall consider them and, taking into account the results of the review, prepare a draft agreement between the state and municipal bodies (if necessary) on the powers delegated by the state.
3. Agreements on delegated powers shall be concluded between the executive body of the municipality and the relevant state body (if necessary) within 1 month from the promulgation of the State Budget Law.
4. The rules of consideration and application of targeted transfer from the republican budget of the A / R to the municipal budget that is part of the A / R shall be determined by the representative body of the A / R.

Article 79¹ - Rules for special transfer allocations

1. A special transfer shall be allocated for the liquidation of the consequences (damage) of natural disasters, environmental and other types of disasters, hostilities, epidemics and other emergencies, as well as for the implementation of other measures. A special transfer is financial assistance provided between the state budget, republican budgets of A / Rs, and municipal budgets. The municipality may allocate the transfer only if it is used for the purposes of the transfer issuing municipality within its own powers defined by the legislation of Georgia.
2. In the case provided for by the first paragraph of this article, the municipality shall be authorized to apply to the Government of Georgia/Ministries of Georgia and/or to the Government of the A / R of Georgia/Ministries of the A / R of Georgia with a request to allocate a special transfer as financial assistance. In this appeal, the basis of the request for the allocation of a special transfer and the volume of the transfer shall be defined.
3. Special transfers for the budget of the A / R shall be allocated from the state budget according to the procedure defined in the second paragraph of this article.
4. In the case provided for in the first paragraph of this article, the proposal of the municipality on the allocation of a special transfer may be submitted to another municipality.

Article 79² - Rules for capital transfer allocations

1. Capital transfer is allocated for the implementation of the capital project. Capital transfer is the financial assistance provided between the state budget, republican budgets of A / Rs, and municipal budgets, which is associated with the growth of non-financial assets of a transferee. The municipality may allocate capital transfer only if it is used for the purposes of the transfer issuing municipality within its own powers defined by the legislation of Georgia.
2. In the case provided for by the first paragraph of this article, the municipality shall be authorized to apply to the Government of Georgia/Ministries of Georgia and/or to the Government of the A / R of Georgia/Ministries of the A / R of Georgia with a request to allocate capital transfer as financial assistance. In this appeal, the basis of the request for the allocation of capital transfer and the volume of the transfer shall be defined.
3. Capital transfer from the state budget to the republican budget of the A / R shall be allocated according to the procedure defined in the second paragraph of this article.
4. In the case provided for in the first paragraph of this article, a proposal of the municipality on the allocation of capital transfer may be submitted to another municipality.

Article 80 – Changes and /or amendments to the municipal budget

1. The changes and/or amendments to the appropriations envisaged by the annual budget shall, in addition to the rule established by Article 69 of this Code, require changes and /or amendments to the municipal budget.
2. The representative body may make changes and/or amendments to the municipal budget only on the recommendation of the mayor.

Chapter XIII Municipal Budget Execution

Article 81 - General regulation of municipal budget execution

The execution of the municipal budget shall be ensured by the executive body of the municipality within its competence.

Article 82 - Breakdown of the municipal budget

1. Not later than 15 days after the promulgation of the municipal budget, the relevant financial body shall prepare a quarterly and/or monthly breakdown of the municipal budget through the electronic public financial management system.
2. During a quarterly and/or monthly breakdown of the municipal budget, it is possible to use the free balance for the purpose of financing allocations, provided that the annual amount of the change in the balance provided for in the annual budget remains unchanged.
3. Within the period determined by the first paragraph of this article, a financial authority shall also prepare a quarterly and/or monthly breakdown of the budgets of legal entities of public law and non-entrepreneurial (non-commercial) legal entities provided for in Article 6(b^{1.c}) and (b^{2.c}) of this Code, which must be in accordance with the information submitted to the relevant Sakrebulo, as provided for in Article 77(10(c)) of this Code.

Article 83 - Responsibility for the implementation of the municipal budget

1. Budgetary organisations shall be responsible for making payments in accordance with appropriations and collecting revenues within their competence.
2. The tax authorities shall ensure the collection of local taxes for the municipal budget in the manner prescribed by the legislation of Georgia, while an authorized person of the relevant municipality shall ensure the collection of other revenues and funds receivable from the operations on non-financial assets, unless otherwise prescribed by the legislation of Georgia.
3. (Deleted).

Chapter XIV

Accounting, Reporting and Auditing of the Municipal Budget

Article 84 - Accounting and reporting of the municipal budget

1. A municipal budget report is opened in the unified account system of the State Treasury. Only the relevant municipality shall have the right to control the management and operation of this account, as well as to grant permission to transfer money from this account, except for the cases provided for by the legislation of Georgia.
2. (Deleted).
3. A financial body of the municipality shall record the payments made by each budgetary organisation, which includes information about all stages of making payments according to the budget classification. It shall also record receipts provided for by the budget classification.
4. Within 10 days after the end of each month, the municipal financial authority shall prepare a report showing the receipts, payments, balance changes and total balance of the municipal budget.

Article 85 - Quarterly review of municipal budget implementation

Within 1 month after the end of each quarter, the executive body of the municipality shall submit to the relevant representative body a quarterly review of the budget execution with an aggregated total, which includes a comparison of receipts, payments (including funds allocated from the Reserve Fund), balance changes and actual volumes of the total balance with the planned indicators of the respective period.

Article 86 - Preparation and submission of the annual report and reporting on the execution of the municipal budget

The financial authority of the municipality shall prepare the annual report on the execution of the budget and submit it to the representative body not later than 2 months after the end of the budget year.

Article 87 - Annual report on the execution of the municipal budget

An annual report on the execution of municipal budget shall include at least the following information:

- a) A balance sheet of the budget by budget classifiers;
- b) comparison of actual budget receipts and expenditures by budget classifiers with projections of the respective period;
- c) opening and closing balances kept at the budget accounts;
- d) clarifications on the inconsistencies between the adjusted budget allocations and actual spending by programs, if such inconsistencies exceed 30%;
- e) information on the condition of allocations from the Reserve Fund and from the funds (if any) for the repayment of debts incurred in previous years and the execution of court decisions;
- f) description of programs/sub-programs implemented by budgetary organisations within the framework of the priorities set by the annual budget and the results achieved;
- g) annual performance indicators of budgets of legal entities of public law and non-entrepreneurial (non-commercial) legal entities under Article 6(b^{1.c}) and (b^{2.c}) of this Code;
- h) cash performance indicators of budgets of state-owned enterprises linked to the government under Article 6(b^{3.c}) of this Code.

Article 88 - Approval of the annual report on the execution of the municipal budget

1. The representative body of the municipality – Sakrebulo shall publicly review an annual report on the execution of the budget and make a decision on approval or non-approval of the annual report not later than 1 May.
2. An audit report and annual performance report of the municipal budget shall be public information and available to the public in the manner established by the legislation of Georgia.

Part V

Republican Budgets of A / Rs

Chapter XV

General Norms for Republican Budgets of A / Rs

Article 89 - Independence of republican budgets of A / Rs

1. The A / R has its own independent republican budget.
2. The independence of the republican budget of the A / R shall be ensured by the sources of its own receipts and the right to independently determine its own payments in accordance with the legislation

of Georgia.

Article 89¹ – Expenditures of common-republican significance

1. Expenditures of common-republican significance are allocations provided for in the annual budget under the code of the first tier, which includes separate codes:
 - a) services and repayment of obligations;
 - b) Reserve Fund of the republican budget of the A / R;
 - c) Fund for repayment of debts incurred in previous years and enforcement of court decisions;
 - d) transfers to municipalities;
 - e) Fund of projects to be implemented in municipalities within the territory of the A / R.
2. Other categories of expenditures of common-republican significance may be determined by the annual budget.
3. In addition to the Funds provided for by this Chapter, the other common-republican expenditures shall be determined by the annual budget.

Article 90 - Reserve Fund of the republican budget of A / R

1. To finance unforeseen payments to the republican budget of the A / R, a Reserve Fund shall be created, the volume of which may not exceed 2% of the total amount of appropriations provided for by the annual budget.
2. The relevant financial body shall allocate funds on the basis of a decision of the Chairperson of the Government of the A / R, which includes information about the amount and purpose of the funds from the Reserve Fund.

Article 91 - Fund for repayment of debts incurred in previous years and enforcement of court decisions

1. A Fund for repayment of debts and enforcement of court decisions arising in previous years shall be established in the republican budget of the A / R, the disposal of which is carried out in the manner established by the legislation of Georgia and a decision made by the executive body of the A / R.
2. The amount of the Fund for repayment of debts and execution of court decisions arising in previous years shall be determined by the annual budget.

Article 91¹ - Fund of projects to be implemented in municipalities in the territory of A / Rs

1. A Fund of projects to be implemented in municipalities in the territory of the A / R may be created in the republican budget of the A / R, the disposal of which is carried out in accordance with the decision made by the executive body of the A / R.
2. A financial authority shall allocate money from the Fund of projects to be implemented in the municipalities of the A / R based on the decision made.
3. The amount of the Fund for the projects to be implemented in municipalities in the territory of the A / R shall be determined by an annual budget.
4. If the amount allocated from the Fund for projects to be implemented in the municipalities of the A / R does not exceed GEL 100,000, the Chairman of the Government of the A / R shall be entitled to make a decision on the allocation of funds upon the recommendation of the financial body.

Article 92 - Redistribution of allocations of the republican budget of the A / R and changes in the program classification

1. Redistribution of appropriations from one spending institution to another spending institution,

except for appropriations allocated under Articles 90 and 91 of this Code, may only be made by making changes to an annual budget.

2. It shall be possible to distribute funds between the programs, subprograms and budget classification articles of the spending institution.

3. The distribution of funds between the programs of the spending institution may not exceed 5% of the payments approved by the annual budget of the spending institution, except for the appropriations allocated in accordance with articles 90 and 91 of this Code.

4. On the basis of the relevant legal act and proposals submitted by the spending institution, the executive body of the A / R shall be authorized to make changes (addition of the program/subprogram, change of the name of the program/subprogram) in the program classification.

5. The executive body of the A / R shall be authorized, based on the relevant legal act, to make changes (including adding the program/sub-program) to the receipts and payments approved by the budget in order to reflect the amounts allocated from the nationwide expenditures provided for by the state budget. These amendments must be submitted to the representative body of the A / R within 1 month, but not later than the end of the budget year.

6. The specification of the annual budget with appropriations allocated from nationwide expenditures and changes provided for in paragraphs 2-5 of this article shall be carried out in the manner established by the executive body of the A / R.

6¹. The executive body of the A / R shall define the procedure for adjusting budgets of legal entities of public law and non-entrepreneurial (non-commercial) legal entities under Article 6(b¹.b) and (b².b) of this Code in the part of other revenues (non-budgetary funds) permitted by the legislation of Georgia.

7. On the basis of the proposals submitted by the spending institutions and the decision made by the executive body of the A / R, the funds from the appropriations allocated to the spending institutions may be allocated to the common-republican expenditures, if the allocated funds do not exceed 2% of the appropriations approved by the annual budget for the common-republican expenditures. The financial authority of the A / R shall notify the Supreme Council of the A / R about this redistribution.

Article 93 - Emergency budget

1. If a state of emergency is introduced on the entire territory of Georgia or on the territory of the A / R, the representative body of the A / R may approve an emergency budget submitted by the executive body for targeted financing of measures related to the state of emergency.

2. For the period of validity of the emergency budget, the percentage restrictions established by Articles 90 and 91 of this Code shall be suspended.

Chapter XVI

Drafting, Submission and Adoption of the Republican Budget of A / R

Article 94 - Coordination of the process of drafting and submission of the republican budget of the A / R

1. The process of drafting and submission of the republican budget of the A / R shall be coordinated by the financial authority of the A / R.

2. For the purposes of drafting, submission and approval of the republican budget of the A / R, the Ministry of Finance of Georgia shall provide the authorities of the A / R with appropriate methodological instructions.

3. In case of request of the Ministry of Finance of Georgia, the authorities of the A / R shall be obliged to timely and fully submit to it information about the republican budget of the A / R.

Article 95 - Document of priorities of the A / R

1. The document of priorities of the A / R is the basic development plan of the A / R, which reflects information on medium-term action plans.

2. The document on priorities of the A / R shall be coordinated by the financial authority of the A / R.

3. In order to develop the document on priorities of the A / R, the executive body of the A / R shall issue the relevant administrative - legal act by 1 March of each year.

4. For the purpose of agreeing basic data and directions with the Supreme Council of the A / R, the Chairperson of the Government of the A / R shall submit information about the main directions of the ministries of the A / R to it by 15 June of each year. The Supreme Council of the A / R shall send a report on this information to the Government of the A / R not later than 30 June.

5. The document on the priorities of the A / R must contain at least the following information:

a) aggregated indicators of revenues and expenditures of the republican budget of the A / R for past, current, planned budget years and for the three post-planned budgetary years, operations and liabilities with financial and non-financial assets;

b) analysis of the final results of the implementation of the republican budget of the last budgetary year of the A / R and revised forecasts of the current budgetary year;

c) for the planned budget year and the three post-planned budgetary years:

c.a) priorities of the A / R determined by the executive body of the A / R;

c.b) programs of spending institutions of the republican budget of the A / R, as well as the amounts, goals and results of their financing;

c.c) aggregated indicators on the benchmark marginal volume of appropriations provided for each spending institution of the republican budget of the A / R;

d) the indicative limit number of employees for the planned budget year according to the spending institutions;

e) programs of municipalities that are part of an A / R and the amounts, objectives and results of their funding.

6. The executive body of the A / R shall approve the document of priorities of the A / R not later than 25 July (except for the information provided in subparagraph (e) of the fifth paragraph of this article).

Article 96 - Deadlines for preparing and submitting an application for financial assistance

1. In case of the need to receive financial assistance from the state budget for the planned budget year, the executive body of the A / R shall not later than 15 June submit to the Ministry of Finance of Georgia the basic data for determining the amount of financial assistance.
2. The Ministry of Finance of Georgia shall inform the executive body of the A / R about the main budgetary parameters of the planned budget year by 15 July of the current year, and about the allocation of financial assistance from the state budget to the republican budget of the A / R – not later than 5 October.

Article 97 - Budget application and marginal volumes

1. Not later than 5 days after the approval of the document of priorities of the A / R by the Government of the A / R, the relevant financial body shall provide the spending institutions with budget application forms through the electronic budget management system, by using which the spending institutions shall submit information about the budgets of the planned years to the financial body electronically.
2. The information submitted by the spending institutions to the financial body about the budgets of the planning years shall correspond to the limit volumes of staff and allocations for the spending institutions defined by the document of priorities of the A / R.
3. Legal entities of public law and non-entrepreneurial (non-commercial) legal entities under Article 6(b¹.c) and (b².c) of this Code, which are not spending institutions of the republican budget of the A / R or budgetary organisations subordinate to their control, shall submit budget applications to the financial body in the manner provided for by the first paragraph of this article.

Article 98 - Submission of budgetary applications by spending institutions

1. Heads of spending institutions shall submit budget applications to the financial body not later than 25 August. The budget application must contain at least the following information:
 - a) for the past, current and planned budget years:
 - a.a) calculation of allocations for spending institutions according to the lowest tier of budget classification (except for program classification);
 - a.b) calculation of allocations for spending institutions according to the program classification;
 - a.c) the number of employees approved and forecasted for a spending institution;
 - a.d) information on donor-funded projects and appropriations provided for the co-financing and co-participation of these projects;

a.e) information on receipts to be received from any source permitted by the legislation of Georgia by a legal entity of public law/ non-entrepreneurial (non-commercial) legal entity under Article 6(b¹.b) and (b².b) of this Code, along with the payables and balance adjustments;

b) programs and subprograms to be implemented, their financing, description, objectives, expected results and performance assessment indicators from the appropriations provided for the spending institution for the planning budgetary year and the three post-planned budgetary years;

c) information on investment/capital projects in accordance with the methodology provided for in Article 9(4) of this Code.

1¹. The information provided for by subparagraph (a.e) of the first paragraph of this article shall be submitted by the budgetary organisations under Article 97(3) of this Code within the period provided for by this Code for submitting a budgetary application.

2. A budget application above the marginal volumes provided for by Article 95(5)(c.c) and (d) of this Code may be submitted by a spending institution, only in the form provided for by the budget application.

3. If the information reflected in the budget application shall be different from the information provided for in Article 95(5)(c.b), (c.c) and (d) of this Code, a spending institution must, together with the budget application, submit information to the financial body about the reasons for this difference.

4. A financial authority of the A / R shall provide reflection of the appropriations for expenditures of common-republican importance in the draft republican budget.

Article 99 - Discussion of a budget application and drafting a republican budget of the A / R

1. A financial body shall review the budget applications and submit the main parameters of the draft republican budget of the A / R to the executive body of the A / R not later than 15 October.

2. The executive body of the A / R shall make a final decision on non-negotiable issues between the spending institutions and the financial body.

3. The financial body shall submit the draft budget and the document of priorities of the A / R to the executive body of the A / R not later than 25 October.

Article 100 - Presentation of the Draft Law on the Republican Budget of the A / R

1. The chairperson of the Government of the A / R shall submit to the Supreme Council the Draft Law on the Republican Budget of the A / R along with the attached materials not later than 1 November.

2. Together with the Draft Law on the Republican Budget of the A / R the document of priorities of the A / R corresponding to the draft budget shall be submitted to the Supreme Council of the A / R for consideration.

3. The Draft Law on the Republican Budget of the A / R must contain at least the following information:

- a) the balance of the republican budget of the A / R according to the budgetary classification;
- b) the receipts of the republican budget of the A / R, changes in the balance and the volume of appropriations provided for each spending institution according to the following articles of the budget classification:
 - b.a) expenses, including allocations for remuneration;
 - b.b) increase in non-financial assets;
 - b.c) increase in financial assets;
 - b.d) decrease in obligations;
- c) the volume of appropriations provided for spending institutions according to the functional classification of expenses and operations on non-financial assets;
- d) the volume of proficiency or deficit of the republican budget of the A / R;
- e) the volume of appropriations of the republican budget of the A / R according to the program classification;
- f) the volume of the Reserve Fund;
- f¹) projects funded by targeted credits and grants allocated by donors;
- g) priorities within which spending institutions implement programs/subprograms through the funding of the republican budget of the A / R, their description and objectives.

4. The materials attached to the Draft Annual Budget Law shall include:

- a) explanatory note of the draft republican budget of the A / R, which contains information on forecasts of fiscal indicators;
- b) a brief review of the implementation of the republican budget of the A / R of the current year;
- c) a package of legislative amendments necessary for the enactment of the Annual Budget Law;
- d) additional information about the programs/subprograms defined by the budget, their expected results and performance assessment indicators;
- e) information on receipts to be received from any source permitted by the legislation of Georgia by a legal entity of public law/ non-entrepreneurial (non-commercial) legal entity under Article 6(b¹.b) and (b².b) of this Code, along with the payables and balance adjustments;
- f) information on receipts to be received from any source permitted by the legislation of Georgia by state-owned enterprises linked to the government under Article 6(b³.b) of this Code, along with the payables and balance adjustments;

g) information on investment/capital projects selected and evaluated according to the criteria determined by the methodology provided for in Article 9(4) of this Code, for the start of which allocations are provided in the budget of the planned year and/or in the fiscal indicators of the three post-planned years. This information must include the description of the investment / capital project, the cost, the timing of implementation and the expected results.

5. The information contained in the third paragraph of this article, except for the information provided for in subparagraph "g" of the same section, shall be submitted for past, current and planned budgetary years.

6. The information provided for in subparagraph (g) of the third paragraph of this article shall be submitted for the planned budgetary year and for the three post-planned budgetary years.

7. The Draft Law on the Republican Budget of the A / R with the attached materials and the document of priorities of the A / R shall be made available to the public upon submission to the representative body.

8. The budgets of legal entities of public law and non-commercial (non-commercial) legal entities under Article 6(b¹.b) and (b².b) of this Code shall be approved in the manner prescribed by the legislation of Georgia.

Article 101 - Consideration of financial assistance in the municipal budget

The executive body of the A / R shall notify the relevant authorities of the municipality that is part of the A / R not later than 5 November of the forecast amounts of financial assistance.

Article 102 - Discussion and approval of the Draft Law on the Republican Budget of the A / R

1. At the meeting of the Supreme Council of the A / R the Draft Law on the Republican Budget of the A / R and the report of the Government on the implementation of the republican budget of the A / R of the current year shall be presented by a Chairperson of the Government of the A / R or any member of the Government with the assignment prescribed by the relevant legal act. The Supreme Council of the A / R shall also hear the reports of the Financial-Budgetary and Economic Affairs Commission and the State Audit Service.

2. The Supreme Council of the A / R shall approve the republican budget of the new budget year before the start of the new budget year.

3. The Law of the Republican budget of the A / R shall be promulgated in the manner prescribed by the legislation of Georgia and shall be accessible to the public.

4. Not later than 20 days after the approval of the budget, the executive body of the A / R shall send to the Ministry of Finance of Georgia the document of priorities of the A / R corresponding to the approved budget.

Article 103 – Changes and / or amendments to the Law of the Republican Budget of the A / R

1. The changes and/or amendments to the appropriations provided for by the annual budget shall, except for the rule established by Article 92 of this Code, require changes and / or amendments to the annual budget.
2. The procedure for drafting, presenting, reviewing and adopting the Draft Law on Changes and/or Amendments to the Law of the Republican Budget of the A / R shall be determined in accordance with the rules of procedure of the Supreme Council of the A / R.

Chapter XVII

Implementation of the Republican Budget of the A / R

Article 104 - General regulation on the implementation of the republican budget of the A / R

The executive body of the A / R shall ensure the implementation of the republican budget of the A / R within its competence.

Article 105 - Breakdown of the republican budget of the A / R

1. Within 5 working days after the promulgation of the Law on the Republican Budget of the A / R, the spending institutions shall submit to the financial authority information about the quarterly and/or monthly breakdown of budget appropriations allocated to them.
2. The financial body together with the spending institutions shall review the presented information and, taking into account the available resources, not later than 15 days after the promulgation of the Budget Law, it shall make a decision on the quarterly and/or monthly budget breakdown.
3. A free balance may be used for the purpose of financing appropriations during the quarterly and/or monthly breakdown of the republican budget of the A / R, provided that the annual amount of the change of the balance envisaged by the annual budget remains unchanged.
4. When submitting the information provided for by the first paragraph of this article, spending institutions shall also submit information through the electronic budget management system about the revenues of the budgets (except for budgetary revenues) permitted by the legislation of Georgia of legal entities of public law and non-entrepreneurial (non - commercial) legal entities under Article 6(b¹.b) and (b².b) of this Code subordinate to them and their control, and expenditures to be made from these sources, which must comply with the information provided for in Article 100(4)(e) of this Code submitted to the relevant representative body.

5. The information provided for in the fourth paragraph of this article shall also be submitted within the period provided for in this article by legal entities of public law and non-commercial (non-commercial) legal entities under Article 6(b¹.b) and (b².b) of this Code, which are not spending institutions of the republican budget of the A / R or budgetary organisations subject to their control.

Article 106 - Responsibility for the execution of the republican budget of the A / R

1. Budgetary organisations shall be responsible for making payments in accordance with appropriations and collecting revenues within their competence.
2. Tax authorities shall ensure the collection of taxes for the republican budget of the A / R in the manner established by the legislation of Georgia.
3. (Deleted).
4. The Supreme Council of the A / R shall be authorized to control the legality of spending of the republican budget funds by the Government of the A / R and, if violations are found, apply to a Chairperson of the Government of the A / R with a request to suspend spending of budgetary funds.

Chapter XVIII

Accounting and Reporting on the Performance of the Republican Budget of A / R

Article 107 - Accounting and reporting on the performance of the republican budget of the A / R

1. An account of the republican budget of the A / R shall be opened in the unified account system of the State Treasury. The right to control the management and operation of this account, as well as to grant permission to transfer money from this account shall be granted only to the relevant financial authority, except for the cases provided for by the legislation of Georgia.
2. (Deleted).
3. A financial authority of the A / R shall record the payments made by a budgetary organisation subordinate to each spending institution, which includes information about all stages of making payments according to the budget classification. It shall also record receipts provided for by the budget classification.
4. A financial authority of the A / R shall prepare a report within 10 days after the end of each month, showing the receipts, payments, changes in the balance and the total balance of the republican budget of the A / R.

Article 108 - Quarterly review of the implementation of the republican budget of A / R

Within 1 month after the end of each quarter, the Government of the A / R shall submit to the Supreme Council of the A / R a quarterly review of the budget execution with an incremental sum, which

includes comparison of receipts, expenditures (including funds allocated from the Reserve Fund), balance changes and actual volumes of the total balance with the planned indicators of the respective period.

Article 109 - Preparation and presentation of the annual report and reporting on the implementation of the republican budget of the A / R

1. In accordance with the request of the financial authority of the A / R, spending institutions shall prepare final reports within the established time frame and submit them to the financial authority of the A / R not later than 15 February. The financial authority of the A / R shall, in turn, prepare an annual report on the implementation of the republican budget of the A / R and submit it to the Government of the A / R for consideration.

2. The Government of the A / R shall submit the annual report on the implementation of the republican budget of the A / R to the Supreme Council of the A / R not later than 3 months after the end of the budget year.

Article 110 - Annual report on the performance of the republican budget of the A / R

The annual report on the implementation of the republican budget of the A / R shall include at least the following information about the implementation of the annual budget:

- a) the balance of the republican budget of the A / R according to the budget classification;
- b) comparison of budget receipts and expenditures according to the budget classification with the planned indicators of the respective period;
- c) balances on budget accounts for the beginning and end of the year;
- d) definition of discrepancies between appropriations approved and specified according to the programs of spending institutions, if such discrepancy exceeds 30%;
- e) clarification of the discrepancy between appropriations and amounts paid according to the programs of spending institutions, if such discrepancy exceeds 15%;
- f) information on the condition of the allocation of funds (if any) from the funds for repayment of reserve and previous debts and enforcement of court decisions;
- g) description of programs/subprograms implemented by spending institutions within the priorities set by the annual budget and the results achieved;
- h) the annual performance indicators of budgets of legal entities of public law and non-entrepreneurial (non-commercial) legal entities under Article 6(b¹.b) and (b².b) of this Code;
- i) the cash performance indicators of budgets of state-owned enterprises linked to the government provided for in Article 6(b³.b) of this Code.

Article 111 - Approval of the annual report on the implementation of the republican budget of the A/R

Before the end of the spring session, the Supreme Council of the A / R shall make a decision on the approval or non-approval of an annual report on the implementation of the republican budget of the A/R.

Part VI

Transitional and Final Provisions

Chapter XIX

Transitional Provisions

Article 112 - (Deleted)

Article 113 - Limitation on allocation of appropriations

Allocation of the budgets of the republican budgets of the autonomous republics and the municipal budgets shall be carried out within the limits of 10% in 2010.

Article 113¹ - Loans issued from the State Budget until 1 January 2010

1. In case of overdue loan debt arising from loans issued from the state Budget until 1 January 2010, if the relevant agreement provides for repayment of the overdue loan debt in any form, Article 63 of this Code shall apply to the loan receiving entity. In addition, in such case, the loan issuing entity is not limited to the 6-month term provided for by Article 63(3) of this Code.

2. If the relevant agreement on loans issued from the state Budget until 1 January 2010 does not provide for repayment of the overdue loan debt in any form, the tax authority shall administer repayment of the overdue loan debt by a loan receiving entity according to a decision of the Minister of Finance of Georgia, in the manner established by the Tax Code of Georgia. The procedure for addressing the Minister of Finance of Georgia and making a decision on the issue provided for in this paragraph shall be determined by the order of the Minister of Finance of Georgia.

3. This article shall not apply to a loan receiving entity if:

- a) a case on repayment of overdue loan debt is being discussed in court;
- b) there is a binding court decision or ruling on repayment of overdue debt.

Article 114 - Measures related to the enactment of the Code

The executive and representative bodies of the autonomous republics shall ensure to make appropriate amendments to the legal acts in the territories of the autonomous republics within 3 months after the enactment of this Code.

Article 114¹ - Measures related to the distribution and use of net profits of state-owned enterprises

The Government of Georgia shall ensure the determination of the composition and rules of procedure of the decision-making Commission for the consideration of proposals on the distribution and use of net profits of state-owned enterprises until 15 March 2011.

Article 114² - Transitional provisions related to drafting of program budgeting

Article 6(q) and (r) and Article 8 of this Code effective before 1 January 2012 shall apply to the budgets approved by the relevant government bodies of the autonomous republics and local self-government units until 1 January 2013.

Article 114³ - Transfer of funds from the accounts of commercial banks of local self-government, autonomous republics, as well as legal entities of public law and non-commercial (non-commercial) legal entities under this Code to the unified account system of the Treasury

The Government of Georgia, shall develop the procedure for transferring funds from the accounts of commercial banks of local self-government, autonomous republics, as well as legal entities of public law and non-entrepreneurial (non-commercial) legal entities to the unified account system of the Treasury until 1 January 2015.

Article 114⁴ - Determination of legal entities of public law and non-commercial (non-commercial) legal entities under this Code

1. The provisions determined by this Code for legal entities of public law and non-entrepreneurial (non-commercial) legal entities under Article 6(b¹) and (b²) of the same Code shall apply to public schools, early and pre-school education institutions/other pre-school institutions by 2024 budgetary year.

1¹. The Ministry of Finance of Georgia shall, within its competence, on the basis of consultations with the Ministry of Education and Science of Georgia and the Ministry of Regional Development and infrastructure of Georgia, as well as with the municipalities, within the period determined by the first paragraph of this article, ensure the gradual application of the provisions determined by this Code for legal entities of public law and non-entrepreneurial (non-commercial) legal entities under Article 6(b¹) and (b²) of the same Code to the institutions provided for in the same paragraph.

2. The provisions determined by this Code for legal entities of public law and non-entrepreneurial (non-commercial) legal entities under Article 6(b¹.b) and (b².b) of the same Code shall apply to them by 2016

budgetary year, except for legal entities established by self-governing cities or their bodies or subject to their control.

Article 114⁵ - Transition period from equalization transfer system to Value Added Tax distribution system

1. The transition period from the equalization transfer system to the Value Added Tax distribution system is from 2019 to 2023.

2. As a result of the distribution of Value Added Tax in 2019, the forecast rate of the amount to be received by each municipality as a result of the equalization transfer determined for the same municipality in 2018 and the total income tax rate defined in Article 77(6) of this Code shall not exceed 25%.

3. Resources greater than the percentage defined in the second paragraph of this article shall be directed in accordance with the fourth paragraph of this article to the revenues of the municipalities whose projected value added tax rate is less than the total income tax rate projected for the same municipalities in 2018 and based on Article 77 (6) of this Code.

4. The distribution of the resources provided for by the third paragraph of this article to the municipalities under the same paragraph shall be made in the proportion of the share of the revenue loss of each municipality in the total of the losses of all municipalities.

5. As a result of the distribution of Value Added Tax in 2020-2023, the maximum percentage of the increase in the forecast volume of income received by each municipality compared to the previous year shall be determined by the Law on the State Budget.

6. The percentage determined on the basis of the fifth paragraph of this article shall not be less than 25% in each year.

7. More resources than the percentage specified in the fifth paragraph of this article shall be directed to the following in 2023:

a) at the first stage, this resource shall be directed to the revenues of a municipality whose receivable Value Added Tax is less than GEL 5 million, in an amount that ensures the determination of the forecast Value Added Tax rate of this municipality by GEL 5 million;

b) the remaining resources shall, in accordance with the fourth paragraph of this article, be directed to the revenues of a municipality whose forecast Value Added Tax receivable is less than that of the previous year.

8. The Ministry of Finance of Georgia shall calculate the percentage of Value Added Tax received by each municipality in accordance with Article 71 of this Code and this article in order to reflect it in the Draft Law on the State Budget.

Article 114⁶ - Transitional provisions related to the reflection of state-owned enterprises linked to the government envisaged by the sectorization of state enterprises in the unified budget of the state

From 1 January 2026, in order to transfer receipts and expenditures of state-owned enterprises linked to the government to the services of the State Treasury:

- a) the Ministry of Finance of Georgia shall, not later than 15 February 2023, approve the list of information submitted by state-owned enterprises linked to the government to the Ministry of Finance of Georgia on a quarterly and annual basis, which indicates the relevant deadlines;
- b) the Ministry of Finance of Georgia shall, by 15 July 2023, approve an Action Plan for the gradual transition of state-owned enterprises linked to the government to the services of the State Treasury in 2024-2025;
- c) the Government of Georgia shall, by January 2024, develop a procedure for transferring funds from the accounts of commercial banks of state-owned enterprises linked to the government to the unified account system of the State Treasury.

Chapter XX

Final Provisions

Article 115 - Invalid normative acts

The following normative acts shall be declared invalid upon enactment of this Code:

- a) the Law of Georgia on the Budgetary System of Georgia, dated 24 April 2003 (legislative Herald of Georgia, №12, 21.05.2003, Art. 62);
- b) the Law of Georgia on Distribution of Receipts between Budgets, dated 28 December 2007 (Legislative Herald of Georgia, №50, 29.12.2007, Art. 437);
- c) the Law of Georgia on the Budget of Local Self-governing Units, dated 24 May 2006 (legislative Herald of Georgia, №20, 09.06.2006, Art. 170);
- d) the Law of Georgia on Funds for Future Generations and Stable Development, dated 14 March 2008 (legislative Herald of Georgia, №7, 26.03.2008, Art. 37);
- e) the Law of Georgia on Global Competitiveness of the Financial Sector, 14 March 2008 (legislative Herald of Georgia, №7, 26.03.2008, Art. 28).

Article 116 – Enactment of the Code

1. This code shall, except for Article 36(1)(c), Article 37(4), Article 38(3)(i), Section 3, Article 56(i), Article 77(4)(c) and (10)(h), Article 87(g), Article 98(1)(c), Article 100(3)(g) and Article 110(h), come into force from 1 January 2010.
2. Article 36(1)(c) and Article 38(3)(i) of this Code shall come into force from 1 January 2011.
3. (Deleted).
4. (Deleted).
5. (Deleted).

6. Paragraphs 25, 25.1, 25.2 and 25.3 of the Annex to this Code (Distribution of Receipts between the State Budget of Georgia, the Republican Budgets of the Autonomous Republics of Abkhazia and Ajara and the Budgets of Local Self-Governing Units by Percentage Indicators) shall enter into force until 1 December 2010.

President of Georgia

Mikheil Saakashvili

Tbilisi

18 December 2009

№2440 - II

Distribution of Receipts between the State Budget, Republican Budgets of the A / Rs of Abkhazia and Ajara and Municipal Budgets by Percentage Indicators

N	Receipts	State Budget of Georgia	Republican Budgets of the A / Rs of Abkhazia and Ajara Budgets	Municipal Budgets
1	2	3	4	5
1	Income Tax			
1.1	Income tax, except the Income tax paid by taxable objects registered in the territory of the A / Rs	100		

1.2	Income tax paid by taxable objects registered on the territory of A / Rs		
1.3	(Deleted).		

2	Profit Tax	100	
3	Property Tax		100
4	Value Added Tax (VAT)	81	19
5	Excise	100	
6	Import Duty	100	
7	Other taxes (including penalties levied by the tax authority and/or customs authority that are not charged on a particular tax), except for the annulled taxes	100	
8	Interest rates (benefits) from certain types of financial assets, in particular deposits (from securities except for the shares,), loans, accounts receivable and more income from interest rates, intended for:		
8.1	Central government	100	
8.2	A / R government		100
8.3	Municipality		100
9	Income from dividends and profit of the National Bank of Georgia (NBG):		
9.1	From profit of SOEs and Private Sector Enterprises	100	
9.2	From profit of SOEs of the A / Rs and Private Sector Enterprises		100
9.3	From profit of SOEs of Local Self-government bodies and Private Sector Enterprises		100
9.4	From profit of NBG	100	
10	Collectible for the use of natural resources, payable for:		
10.1	Natural resources extracted from A / Rs		100

10.2	Natural resources extracted from a Municipality (apart from those within the A / Rs)	100
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11	Income from the transfer to the lease and management of state land (usufruct, tenancy, etc.), which:		
11.1	Located on the territory of A / Rs and not in the use of the A/Rs	65	35
11.2	Located in the territory municipality (except municipalities of A / Rs) and not in the use of municipalities	65	35
11.3	Used by A / Rs		100
11.4	Used by Municipalities (apart from those within the administration of A / Rs)		100
12	Income from the transfer of land owned by A / Rs (usufruct, lease, rental, etc.)	35	65
13	Income from the transfer of land managed by municipalities (usufruct, lease, rental, etc.)		100
14	Income from the license fee on use payable:		
14.1	By respective services of central government bodies	100	
14.2	By respective services of government bodies of the A / Rs		100
15	Rental (except for land), payable:		
15.1	By respective services of central government bodies	100	
15.2	By respective services of government bodies of the A / Rs		100
15.3	By an authorised person of municipal body		100
16	Deleted	100	
17	Licence fee, payable:		
17.1	By respective services of central government bodies	100	
17.2	By respective services of government bodies of the A / Rs		100
18	Permit fees, payable:		

18.1	By respective services of central government bodies	100	
18.2	By respective services of government bodies of the A / Rs		100

18.3	By an authorised person of the municipal body	100
19	State certification fee	100
20	Registration fee	100
21	State Expertise Fee	100
22	State Duty, payable:	
22.1	On cases litigated at the Courts of Georgia	100
22.2	For the issuance of citizenship in the territory of Georgia and identity documents, registration of acts on the status of citizens, consideration of citizenship and emigration-immigration issues in the territory of Georgia:	
22.2.1	By respective bodies of central government services, except for the cases when a legal entity of public law within the Ministry of Justice of Georgia provides the necessary documentation for issuing a Georgian visa or extending its validity period, and attaching visa in the travel document or issuing a Georgian visa electronically as provided for by the Law of Georgia on the Legal Status of Aliens and Stateless Persons and/or its authority is exercised by the municipality on the basis of a delegation agreement	100
22.2.2	By relevant services of government bodies of the A / Rs	100

22.2.3	By an authorised person of the municipal body, except for the cases when a legal entity of public law within the Ministry of Justice of Georgia provides the necessary documentation for issuing a Georgian visa or extending its validity period, and attaching visa in the travel document or issuing a Georgian visa electronically as provided for by the Law of Georgia on the Legal Status of Aliens and Stateless Persons and/or its authority is exercised by the municipality on the basis of a delegation agreement	100
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22.3	Other state fees, payable:		
22.3.1	By relevant services of central government bodies	100	
22.3.2	By relevant services of government bodies of the A / Rs		100
22.3.3	By an authorised person of the municipal body		100
23	Consular service fees	100	
24	For a copy of a public information payable:		
24.1	By relevant services of the central government bodies	100	
24.2	By relevant services of government bodies of the A / Rs		100
24.3	By an authorised person of the municipal body		100
25	(Deleted)		
26	Receipts from the permits issued on outdoor advertising		100
27	Fee for postponement of mandatory military service, payable:		
27.1	By relevant services of the government bodies of the A / Rs	90	10
27.2	By an authorised person of the municipal body	90	10
28	Fee on gambling business (except for prescribed for organising lotteries)		100
28 ¹	Fee on gambling business prescribed for organising lotteries	100	
29	Fee for cleaning the inhabited area		100

30	Infrastructure fee in the rehabilitation area of cultural heritage	100
31	(Deleted)	
32	Fee for a construction permit (except for the construction of radioactive and nuclear facilities of particular significance)	100
32 ¹	Fee for accelerated services for the issuance of an act (amendment to it) on the confirmation of adherence to terms and conditions (commissioning) of the construction permit (except for the construction of radioactive and nuclear facilities of particular significance)	100
32 ²	(Deleted)	
33	Receipts from the issuance of a permit for regular passenger transportation within the administrative boundaries of the municipality	100
33 ¹	Receipts from the issuance of a permit for transportation in the capital of Georgia by car - taxi (M1 category).	100
34	Other fees payable:	
34.1	By relevant services of the central government bodies	100
34.2	By relevant services of the central government bodies of A / Rs	100
34.3	By an authorised person of the municipal body	100
35	Goods and services sold under non-market terms and conditions:	
35.1	Revenues from nominal value of excise stamps	100
35.2	Revenues from the sale of other goods, payable:	
35.2.1	By relevant services of the central government bodies	100
35.2.2	By relevant services of the central government bodies of A / Rs	100

35.2.3	By an authorised person of the municipal body	100
35.3	Revenues from services, rendered:	

35.3.1	By relevant services of central government bodies	100	
35.3.2	By relevant services of the government bodies of A / Rs		100
35.3.3	By relevant services of Local Self- government bodies		100
35.4	Revenues from the transfer of property of general state significance under lease or management (usufruct, rental, etc.)	100	
35.5	Revenues from the transfer of state- owned property (except for land) under lease or management (usufruct, lease, rental, etc.), which:		
35.5.1	located within an A / R and is used by the State	65	35
35.5.2	Located within a municipality (except for the municipalities within A / Rs) and is used by the State	65	35
35.5.3	Used by A / Rs		100
35.5.4	Used by municipalities (except for the municipalities within A / Rs)		100
35.6	Revenues from the transfer of property owned by A / Rs (except for land) under lease or management (usufruct, lease, rental, etc.)	35	65
35.7	Revenues from the transfer of property (except for land) owned by municipalities under lease or management (usufruct, lease, rental, etc.)		100
35.8	Revenues from other state- owned property (except for land) transferred under lease or management (usufruct, lease, rental, etc.) payable:		
35.8.1	By relevant services of central government bodies	100	

35.8.2	By relevant services of the government bodies of A / Rs		100
35.8.3	By an authorised person of the municipal body		100
36	Revenues from sanctions (penalties, fines)		

36.1	Revenues from administrative violations in various areas, payable:			
36.1.1	By relevant services of central government bodies	100		
36.1.2	By relevant services of the government bodies A / Rs		100	
36.1.3	By an authorised person of the municipal body			100
36.2	Revenues from penalties for violations of traffic rules	40		60
36.3	Revenues from penalties for illegal border crossing	100		
36.4	Revenues from sanctions on overdue loan payments, payable:			
36.4.1	By relevant services of central government bodies	100		
36.4.2	By relevant services of the central government bodies of A / Rs		100	
36.4.3	By an authorised person of the municipal body			100
36.5	Revenues from penalties for violations of architectural and construction activities, payable:			
36.5.1	By relevant services of central government bodies	100		
36.5.2	By relevant services of the government bodies of A / Rs		100	
36.5.3	By an authorised person of the municipal body			100
36.6	Revenues from penalties envisaged in the Criminal Code of Georgia	100		
36.7	Revenues from other penalties and interest, payable:			
36.7.1	By relevant services of central government bodies	100		
36.7.2	By relevant services of the government bodies of A / Rs		100	
36.7.3	By an authorised person of the municipal body			100
37	Revenues from current transfers, donations and charity (except for grants) due to:			

37.1	The central government	100		
37.2	The government of A / Rs		100	
37.3	Municipalities			100

38	Income from the compensation amount for the change in the purpose of the agricultural plot of land and the compensation for the damage caused by the deterioration of the quality of the land as a result of the non-targeted use of the agricultural land		100
39	Revenues from changes in exchange rate generated:		
39.1	By the central government	100	
39.2	By the government of A / Rs		100
39.3	By municipal bodies		100
40	Revenues from non-financial assets:		
40.1	Revenues from the sale of fixed assets, including:		
40.1.1	Sale of fixed assets of general state significance	100	
40.1.2	Sale of state fixed assets, which are:		
40.1.2.1	Located within A / Rs	65	35
40.1.2.2	Used by A / Rs		100
40.1.2.3	Located within the territory of municipalities (different from those falling within the administration of A / Rs and privatization of forests within the settlements envisaged in the Law of Georgia on State Property, revenues of which are fully transferred to municipal Budgets)	65	35
40.1.2.4	Used by municipalities (different from the municipalities falling within the administration of A / Rs)		100
40.2	Receipts from the sale of fixed assets owned by A / Rs	35	65
40.3	Revenues from the sale of fixed assets owned by municipalities		100
40.4	Revenues from the sale of licenses generated:		
40.4.1	By relevant services of the central government bodies	100	

40.4.2	By relevant services of the government bodies of A / Rs		100
40.5	Receipts from the sale of tangible stock:		
40.5.1	Receipts from the sale of strategic stock	100	

40.5.2	Receipts from the sale of other tangible stock (raw materials and spare parts, production in progress, ready-made products and goods purchased for further sale) generated:		
40.5.2.1	By relevant services of the <u>central government bodies</u>	100	
40.5.2.2	By relevant services of the government bodies of A / Rs		100
40.5.2.3	By an authorised person of the <u>municipal body</u>		100
40.6	Receipts from the sale of valuables, generated:		
40.6.1	By relevant services of the central government bodies	100	
40.6.2	By relevant services of the <u>government bodies of A / Rs</u>		100
40.6.3	By an authorised person of the municipal body		100
40.7	Receipts from non-production assets:		
40.7.1	Receipts from the sale of non-agricultural land owned by the state, located within:		
40.7.1.1	A / Rs	50	50
40.7.1.2	municipalities (different from the municipalities falling within the administration of A / Rs)	50	50
40.7.1.3	Receipts from the sale of non-agricultural plot of land owned by A / Rs		100
40.7.1.4	Receipts from the sale of non-agricultural land owned by municipalities		100
40.8	Receipts from the sale of state-owned agricultural land, located within:		
40.8.1	A / Rs	35	65
40.8.2	Municipalities (different from the municipalities falling within the administration of A / Rs)	35	65

40.9	Revenues from the sale of agricultural land owned by A / Rs		100
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40.10	Receipts from the sale of agricultural land owned by municipalities	100
40.11	Receipts from the natural resources	100
40.12	Receipts from the licensing of the radio-frequency spectrum	100
40.13	Receipts from other natural assets	100
40.14	Receipts from non-production intangible assets (patents, leasing agreements and other similar contracts, including acquired Goodwill), payable:	
40.14.1	By relevant services of the central government bodies	100
40.14.2	By relevant services of the government bodies of A / Rs	100
40.14.3	By an authorised person of the municipal body	100
40.15	Receipts from the recognition of the ownership right to land	100
41	Receipts from financial assets and liabilities due to:	
41.1	The central government bodies	100
41.2	The government bodies of A / Rs	100
41.3	Municipalities	100
42	Environmental impact assessment fee	100

Note: 19% of the receipts received in the form of Value Added Tax provided for in graph 4 of this table is the sum of the taxes to be distributed to the budgets of all municipalities, which are distributed to each municipality in accordance with Articles 71 and 114⁵ of this Code.