Informal Translation
With changes and amendments from March 11, 2015

FINANCIAL MONITORING SERVICE OF GEORGIA

DECREE # 1

Tbilisi February 8, 2011

On Approving the Regulation on Receiving, Systemizing and Processing the Information by the Revenue Service and Forwarding to the Financial Monitoring Service of Georgia

Pursuant to subparagraph (c), paragraph 4, Article 10 of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" I decree:

1. Approve the attached Regulation (including annexes) "On Receiving, Systemizing and Processing the Information by the Revenue Service and Forwarding to the Financial Monitoring Service of Georgia".

2. Declare Decree 152 of the Head of the Financial Monitoring Service of Georgia of November 16, 2004 "on Receiving, Systemizing and Processing the Information by the Customs Authorities and Forwarding to the Financial Monitoring Service" of Georgia as null and void.

3. This Decree shall become effective upon promulgation.

M. Roinishvili

REGULATION

on Receiving, Systemizing and Processing the Information by the Revenue Service and Forwarding to the Financial Monitoring Service of Georgia

Article 1. General Provisions

1. This Regulation has been developed on the basis of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" and other relevant normative acts of Georgia.

2. This Regulation shall apply to the Central Office of the Legal Entity of Public Law – the Revenue Service (hereinafter referred to as, "the Revenue Service"), territorial bodies and specialized structural units thereof.

3. The present Regulation shall govern terms and procedures for receiving, systemizing, processing the respective information by the Central Office of the Revenue Service, territorial bodies and specialized structural units thereof and submitting to the Financial Monitoring Service of Georgia (hereinafter referred to as "the Service") in compliance with the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization".

Article 2. Definition of Terms

For purposes of this Regulation, the following terms shall have the following meanings:

a) Revenue Service - Central Office, its territorial body (regional center) and other structural unit of the Revenue Service established by the Minister of Finance of Georgia, the function of which is to execute procedures related to import and export of goods to and from the economic territory of Georgia, exercise state supervision and state control provided for in the Tax Code of Georgia;

b) Monitoring – identification of natural persons carrying cash, cheques and other securities subject to monitoring, by the Revenue Service in compliance with the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and normative acts of the Ministry of Finance and the Service, registration and systemization of information on such persons and submission to the Service according to the procedure set under the Law and this Regulation;

c) Identification of a person – obtaining information on a natural person, which, when necessary, allows tracing and distinguishing such person from the other persons;

d) Cash – bank notes and coins in national and foreign currency;

e) Employee in charge of monitoring – those employees of the Revenue Service, who shall perform monitoring activities and are assigned the respective rights and duties;

f) Securities – financial instruments and rights as defined under the Law of Georgia "on the Securities Market";

g) Cheque– type of securities as defined under the Law of Georgia "on Cheques";

h) Non-cooperative or watch zone – a country or a part of the territory thereof defined by the National Bank of Georgia on the basis of proposition of the Financial Monitoring Service of Georgia (FMS). The country or territory thereof shall be identified as such on the basis of the information provided by competent international organization, or if the grounded supposition exists that in such zone weak mechanisms for controlling illicit income legalization are effective (25.01.12 №9)

i) Suspicious zone - a country or a part of the territory thereof, identified as having weak mechanisms for controlling illicit income legalization, based on information available to the monitoring entity.

Article 3. Circulation of Cash, Cheques and Other Securities Subject to Monitoring by the Revenue Service

1. For purposes of this Regulation, subject to monitoring by the Revenue Service shall be import to and export from Georgia of national and foreign currency, cheques and other securities if the total nominal value thereof exceeds GEL 30,000 or its equivalent in other currency.

2. Declaration of national and foreign currency, cheques and the other securities carried by natural persons through the economic border of Georgia, shall be conducted in accordance with the procedure set under the legislation.

Article 4. Obligations of the Revenue Service with Respect to Implementation of Internal Control

1. Pursuant to Article 8 of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization", the Revenue Service shall develop and approve internal regulation (internal control procedure) under the respectively legalized resolution.

2. Implementation of internal control shall include the following:

a) Identification of natural persons, carrying local and foreign currency, cheques and other securities with the total nominal value of GEL 30, 000 or its equivalent in other currency, through the economic border of Georgia, in compliance with the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" and requirements of this Regulation;

b) Verification of persons defined under subparagraph (a), paragraph 2 of this Article according to the List of Terrorists and Persons Supporting Terrorism (the List is published in a newspaper "Sakartvelos Sakanonmdeblo Matsne").

c) Systemizing, filing and submitting to the Service the information obtained through identification of natural persons carrying cash, checks and other securities subject to monitoring;

d) Recurrent training of the staff on issues related to financial monitoring;
3. Internal regulation (internal control procedure) shall define:

a) Issues with respect to appointment of employees in charge of monitoring in the Revenue Service or creation of the respective structural unit;

b) Functions, authority and responsibility of the employee or the respective structural unit in charge of monitoring;

c) Rules for recording, systemizing and filing the information related to financial monitoring;

d) Procedure for submission of reporting forms and other materials (information) compiled by the Revenue Service on the basis of information received from regional centers to the Service.

e) Functions, authority and responsibility of other employees (structural units) of portals, including functions, authority and responsibilities of administrators.

4. Employee or a special structural unit in charge of monitoring shall follow the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization", this Regulation, internal regulation, Service guidelines as well as the relevant normative acts issued by the Ministry of Finance of Georgia.

Article 5. Obligations of the Revenue Service with respect to Identification and Registration of Identification Details (Documents)

1. The Revenue Service shall perform identification of natural persons carrying cash, cheques and other securities subject to monitoring in compliance with paragraph 1, Article 3 of this Regulation.

2. The following information shall be obtained through the identification process: (25.01.12 №9)

a.) First name, last name;

b) Citizenship;

c) Number of Passport (ID) and personal number;

d) Date of birth;

e) Permanent (registered) place of residence.

3. In addition to information listed in paragraph 2 of this Article, the following details shall be recorded:

a) Country the person comes from;

b) Country the person travels to.

4. Document required for identification of the natural person shall be a passport (ID) issued by the appropriate authorities of the respective State. (25.01.12 №9)

5. Special attention shall be focused on those natural persons carrying cash, cheques and other securities determined under paragraph 1, Article 3 of the Regulation, whose permanent place of residence or / and country where they come from or are traveling to is non-cooperative or watch or suspicious zone.

Article 6. Obligations of the Revenue Service to Keep Information (Documents)

1. The Revenue Service shall retain "Declaration of a Natural Person" filled by persons carrying cash, checks and other securities defined under paragraph 1, Article 3 of this Regulation for not less than six years from the moment of crossing the economic border by such persons, if retention of such documents and records for a longer period is not required by the supervision authority or/and longer period is not set under the Georgian legislation for retention of such documents and records. Subject to retention for six years shall also be the reporting forms in electronic form (as well hard copies if such), provided for in Article 7 of this Regulation.

2. Information (documents) related to financial monitoring shall be systemized, recorded and maintained in a way, that when needed it can be found and retrieved in a shortest period of time.

Article 7. Obligations of the Revenue Service Related to Submission of Reporting Forms (25.01.12 №9)

1. Revenue Service (relevant structural unit) shall submit the information received from portals in reporting forms or in other way to the Service.

2. Submission of information to the Service shall imply completion and electronic sending (submission) of reporting forms by the employee of the Revenue Service in charge of monitoring or by the special structural unit established for such purpose according to paragraph 4 of this Article as well as confirmation of its submission by the Service. Hard copies of reporting forms shall be submitted to the Service according to the procedure defined under this Regulation only if reporting forms are impossible to be sent in an electronic format. Reporting form shall be submitted within three working days from the moment of crossing economic border by the natural person;

3. If a natural person is included in the list of terrorists or persons supporting terrorism or if there exists a supposition or a preliminary information that the natural person is related to terrorists or persons supporting terrorism, or cash or / and cheques or / and other securities carried by such person may be related to or used for terrorism, terrorist act or by terrorists or terrorist organization or persons financing terrorism – the report shall be sent (or submitted) on the day the information is received. In addition, all respective materials and documents available to the responsible employee of the Revenue Service shall be provided to the Service along with the reporting form. Besides, other measures provided for in the legislation shall be undertaken.

4. Reporting Forms shall be submitted to the FMS electronically through the relevant web shell and/ or web server of the web portal set on the official site of the FMS of Georgia (www.fms.gov.ge).

5. In exceptional case provided for in paragraph 2 of this Article, in the event of sending hard copy of the form it is to be printed in two copies and each be certified with the signature of the employee authorized under the internal regulation of the Revenue Service to adopt the final decision. One copy of the report is to be sent to the Service, while the other copy is to be retained at the Revenue Service not less than 6 years. Hard copy of the reporting form shall be sent (submitted) to the Service in a sealed envelope by the authorized employee of the Revenue Service or by post as registered mail. Name and address of the sender shall be written on the envelope, as well as the addressee – "Financial Monitoring Service of Georgia".

Delivery address: 2 Sanapiro Str., Tbilisi 0105, Georgia. The envelope shall be marked as confidential. *(11.03.15 #13)*

6. Reporting form shall be filled completely. The Revenue Service shall maintain register of reporting forms sent (submitted) to the Service.

7. Information shall also be submitted to the Service on natural persons carrying cash /and or cheques and /or other securities subject to monitoring across Georgia's economic border by avoiding state control or secretly thereof in compliance with the procedure set under this Article.

Article 8. Procedure for Submitting the Additional Information to the Financial Monitoring Service

1. Pursuant to subparagraph (a), paragraph 4, Article 10 of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization", the Service shall have the right to request additional information from the Revenue Service and according to subparagraph (e) the Service shall have the right to request information and available documents (including confidential) as it is established under the legislation. The Revenue Service shall be obliged to submit the requested information to the Service within three working days from the receipt of the request.

2. Movement (and other facts, circumstances) of persons on the economic border of Georgia listed under the Decree №116 of October 31, 2006 of the Financial Monitoring Service of Georgia "on Approving the List of Terrorists and Persons Supporting Terrorism" or persons who according to the written guidelines of the Service may be related to the process of illicit income legalization shall be reported to the FMS in compliance with the procedure defined under this Regulation.

Article 9. Obligation of Submission the Form of Registration to the Financial Monitoring Service of Georgia (25.01.12 №9)

1. For the purposes of systemization and analysis of the information received by the Service on monitoring import and export of cash, cheques and other securities to and from Georgia and for inputting the information in the data base established pursuant to subparagraph (a), paragraph 5,Article 10 of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization", the respective structural unit of the Revenue Service shall submit to the Service the Form of Registration through the relevant web shell of the web portal set on the official web site of the FMS (www.fms.gov.ge). Hard copies of the Form of Registration shall be submitted to the Financial Monitoring Service of Georgia only if Forms of Registration are technically impossible to be sent in an electronic format

2. In the event of changes of any information presented in the Form of Registration (as well as replacement of the employee in charge of monitoring) the Revenue Service shall be obliged to present completed form to the Service containing renewed information within three working days from the moment these changes have taken place according to the procedure set under paragraph 1 of this Article.

Article 10. Responsibilities Related to Monitoring

1. Ministry of Finance of Georgia shall supervise compliance of the Revenue Service with norms and requirements of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" and this Regulation.

2. Sanctions for violation of norms and requirements of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" and this Regulation, shall be defined according to the procedure set under the Georgian legislation.

Annex 1 is rescinded (25.01.12 #9)
Annex 2 is rescinded (25.01.12 #9)