

# **LAW OF GEORGIA ON REGULATION OF BOOKKEEPING AND ACCOUNTING**

## **Article 1. Purpose of the Law**

The purpose of the Law is:

- a) promotion of implementation of bookkeeping reform in Georgia;
- b) determination of the sphere of State regulation and self-regulation of bookkeeping and accounting;
- c) establishment of international standards of bookkeeping;
- d) creation of a Bookkeeping Standards Commission.

## **Article 2. Purpose of the Law**

The terms used in the Law have the following meaning:

- a) *international standards of bookkeeping* – bookkeeping standards approved by the International Committee of Book-Keeping Standards;
- b) state regulation of bookkeeping and accounting – establishment of rules and norms of bookkeeping through adoption of laws and subordinate normative acts by the State bodies;
- c) *self-regulation of bookkeeping and accounting* – improvement of bookkeeping of private law subjects by bookkeepers' independent professional organizations according to the international standards of bookkeeping through interpretations of standards approved by the BookKeeping Standards Commission, putting into practice temporary standards and methodological instructions;
- d) *interpretation of standards* – interpretations elaborated for comprehension of provisions and terms of international bookkeeping standards;
- e) *temporary standards of book-keeping* – temporary rules of bookkeeping approved by the Book-Keeping Standards Commission at the Parliament of Georgia established for the objects the bookkeeping and accounting of which is not regulated by the Georgian legislation and international standards of bookkeeping.

## **Article 3. International Standards of BookKeeping**

Georgia recognizes international standards of bookkeeping.

#### **Article 4. Normative Acts Regulating BookKeeping and Accounting**

Bookkeeping and accounting is regulated by the Law of Georgia on Entrepreneurs, this Law, and other laws and subordinate normative acts.

#### **Article 5. State Regulating Body of BookKeeping and Accounting**

1. The Ministry of Finance of Georgia is the State regulating body in the sphere of bookkeeping and accounting the competence of which is approval of norms and rules of bookkeeping for the legal persons of Private Law, issue of the appropriate instructions and directions and putting them into practice.

2. The Ministry of Finance of Georgia co-operates in the issues of bookkeeping and accounting with the BookKeeping Standards Commission at the Parliament of Georgia and bookkeepers' independent professional organizations.

#### **Article 6. Self-Regulation of BookKeeping and Financial Accounting**

Self-regulation of bookkeeping and financial accounting for the Private Law subjects is executed by the bookkeepers' independent professional organizations and the BookKeeping Standards Commission at the Parliament of Georgia.

#### **Article 7. Competence of Independent Professional Organizations of BookKeepers**

The following activities are in the competence of the bookkeepers' independent professional organizations:

- a) elaboration of interpretations of international book-keeping standards;
- b) elaboration of temporary standards of bookkeeping;
- c) raising the professional level of skills and professional certification of bookkeepers.

## **Article 8. BookKeeping Standards Commission at the Parliament of Georgia**

1. The BookKeeping Standards Commission is created at the Parliament of Georgia that unifies representatives of the bookkeeping, finance, business, economy, and law spheres. The Commission consists of nine members including one representative of the Ministry of Finance of Georgia and one representative of the Securities Commission of Georgia.
2. The members of the BookKeeping Standards Commission at the Parliament of Georgia are approved by the Bureau of the Parliament of Georgia on the submission of the Finance and Budget Commission of the Parliament of Georgia for the term of 3 years.
3. Regulations of the BookKeeping Standards Commission are approved by the Parliament of Georgia.

## **Article 9. Functions of the BookKeeping Standards Commission at the Parliament of Georgia**

1. The following activities are in the competence of the BookKeeping Standards Commission at the Parliament of Georgia:
  - a) putting into operation international standards of bookkeeping translated into the Georgian language;
  - b) putting into operation interpretations of international standards of bookkeeping;
  - c) approval of temporary standards of bookkeeping;
  - d) approval of the structure of the bookkeeping accounts plan proceeded from the international standards of bookkeeping.
2. The BookKeeping Standards Commission at the Parliament of Georgia co-operates with the State bodies of Georgia and the bookkeepers' independent professional organizations during implementation of its functions.

## **Article 10. BookKeeping and Financial Accounting**

1. A legal person of Private Law (except a small enterprise and a non-commercial legal person) is obliged to carry on bookkeeping and financial accounting according to the international standards of bookkeeping and temporary standards of bookkeeping.

2. An individual entrepreneur, a small enterprise and a non-commercial legal person is entitled to carry on bookkeeping and financial accounting according to the international standards of bookkeeping and temporary standards of bookkeeping.

### **Article 11. Transitional Provisions**

1. Educational Georgian institutions should re-elaborate bookkeeping educational programmes according to the rules and norms established by the international standards of bookkeeping and normative acts adopted by the Book-Keeping Standards Commission.

2. The first item of Article 10 of this Law comes into force:

a) from January 1, 2000 – for the joint stock companies;

b) from January 1, 2001 – for the limited liability companies, limited partnerships, joint liability companies and co-operatives;

3. Decree # 70 of the President of Georgia dated 6.06.98 "On Approval of the Provision on the BookKeeping and accounting in Georgia" should be brought to conformity with this Law.

### **Article 12. Conclusive Provisions**

1. This Law comes into force on the fifteenth day from its promulgation.

2. The following Laws are considered null and void in connection with the enactment of this Law:

a) Order # 120 of the Ministry of Finance of Georgia dated 24.04.97 on "Approval of the Regulations on the composition of expenses that should be covered from the profit remained in the disposal of an enterprise and from other personal means" upon the enactment of this Law.

b) joint "Methodological Instructions on simplified forms of bookkeeping and accounting in small enterprises of the Ministry of Finance of Georgia and the State Department of Social and Economic Information from January 1, 2000.

c) Order # 130 of the Ministry of Finance of Georgia dated 21.12.92 on "Approval of the bookkeeping accounts plan of the enterprises financial and economic activities" from January 1, 2001.

**President of Georgia**

**Eduard Shevardnadze**

**Tbilisi, 05.02.99**