

Immovable Property in
Georgia
Representing tomorrow





Registration of right to immovable objects company in Georgia

Unlike movable property, immovable property in Georgia is subjected to more mandatory regulations. Almost every transaction on such property needs a written form and its registration in the National Agency of the Public Registry (NAPR).

Specific regulations are established in Georgia regarding the immovable property owned by the State as well as in cases of Agricultural lands. Therefore, persons wishing to acquire, sell or encumber an immovable object on the territory of Georgia need to be aware and take into consideration these rules.

How can the Deloitte Legal team help?

We are experienced in registering rights on immovable property in the NAPR and in offering support and guidance on compliance with other obligations. In particular, we can provide assistance with:

- Preparing the necessary documents;
- Carrying out actual registration in NAPR;
- Providing post-registration support.

The Deloitte Legal team is experienced in preparing due diligence reports on immovable properties for clients that would like to have more certainty over treatment before the acquisition of such. Our lawyers can assess all the risks that may follow the transfer of the title (ownership) to the buyer.

Registration of the rights in the National Agency of Public Registry

An immovable property, according to the Civil Code of Georgia, is every tract of land with its subsoil minerals, the plants growing on the land, and buildings and other structures firmly attached to the land. Whereas, any other objects, not falling under the definition shall be deemed as a movable property.

NAPR is a legal entity of public law under the Georgian Ministry of Justice. It is unified registry maintaining comprehensive information on all registered immovable property on the territory of Georgia, as well as various legal rights and obligations related thereto.

The sub-registries of NAPR include:

Registry of rights on immovable property;

Registry of public restrictions on movables, immovable property and intangible assets;

Registry of Tax Pledge/Mortgage;

Registry of right on immovable properties includes the registration of ownership rights and other obligations. The full list of rights registered under the registry of right of immovable properties includes:

1. Property Right – meaning that a person may have right to own, use, possess and dispose (alienate) the property.
2. Heritable Building Right – under such agreement a person (owner) transfers the right to another person to use immovable property for a fixed period of time (not exceeding 99 years) in such a manner to erect on or beneath this tract some construction, as well as the right to alienate, inherit, lend or lease such right.
3. Usufruct – under usufruct the owner transfers the right to another person to use this immovable property as if he were the owner, and to exclude third persons from its use. However, the usufruct does not grant person to alienate, mortgage or transfer such property by inheritance. Lease of rent of this shall only happen with appropriate consent of the owner.
4. Servitude (Easement) – Under servitude, a tract of land or other immovable property may be used for the benefit of the owner of another tract of land or other immovable property in such a manner to grant latter the right to use the encumbered property. Servitude may exist only when it creates a benefit for the entitled person in using his tract of land.
5. Mortgage – In case of Mortgage an immovable property is used (encumbered) for securing a claim (e.g. from the loan agreement) in such a manner as to grant to the creditor the right to receive satisfaction out of this, through selling it on the auction or through the transfer of the property and to have priority over other creditors in receiving such satisfaction (mortgage).
6. Rental, Sub-rental – during the Rental period a property (may as well be a movable object) is transferred to the Rentor for the use for as specific period of time.

7. Finance Lease – under a Finance Lease agreement the lessor purchases specific object (may as well be a movable thing) and transfers the use of this to the lessee for a fixed term and price.
8. Lease, Sub-leasing – as in rental, during the lease the property of the lessor is transferred to the lessee for a fixed term and price, however, during the lease period the purpose of such transfer is generation of profit by the party using the property.
9. Lending – Under a contract of lending, the lender undertakes the obligation to transfer property to the borrower for his temporary and free of charge.

Besides the above-mentioned other rights of use and possession based on the public law as well as restrictions/liabilities regarding the proprietorship of the immovable property are registered in the NAPR.

Registration of the first five enlisted rights in the NAPR is mandatory in every case. As for the rest enlisted rights registration is mandatory only if one of the parties is a legal entity and the term of respective agreement exceeds one year.

Privatization of State Owned Immovable Property

The Georgian law on State Property is the main legal act which establishes forms and procedures applicable to privatization of state owned immovable property. The law envisages primary forms of privatization of immovable property which include:

- auction;
- direct sale by the decision of the Government of Georgia;
- direct sale on the basis of preliminary competitive selection;
- direct sale of the previously leased land.

An acquirer of state property (excluding agricultural lands) may be a citizen, legal entity or union of persons of Georgia or another foreign country.

The privatization procedure in the case of auction is conducted by the Ministry of Economy and Sustainable Development of Georgia and/or its territorial units, while decisions on direct sale of immovable property rest with the Government of Georgia. Different procedures are set forth for agricultural lands that were leased to the purchaser. In such cases the direct sale of immovable property is made by the Ministry of Economic and Sustainable Development of Georgia through its subordinated entity: Property Management Agency.

Property rights on agricultural lands

In terms of the purpose, tracts of land may be divided into agricultural and non-agricultural. According to the Georgian Law on Ownership of Agricultural Lands a land shall be deemed as agricultural, if it is registered as such in the NAPR, is applied for the purposes of product manufacturing, plant growing and animal husbandry with or without the buildings on the land.

There are certain restrictions regarding the proprietorship of agricultural lands applicable to the foreign legal entities.

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