

BGI Alert

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New set of Restrictive Laws Enters into Force

On March 4, GD Parliament adopted a package of amendments to the Law on Grants, the Law on Political Associations, the Criminal Code, and the Administrative Offences Code.

These changes represent a significant tightening of state control over foreign funding, political participation, and public dissent. The definition of a “grant” has been drastically expanded to include almost any monetary or in-kind assistance from foreign sources, including technical assistance, specialized knowledge, and free services – intended to influence policy or general public. Consequently, all foreign grants now require prior government consent. In addition, intra-entity transfers from foreign parent companies to local branches are now regulated as grants. Sanctions for non-compliance are severe: failure to obtain approval can lead to fines (the amount is not determined), community labor of up to 500 hours or up to 6 years of imprisonment, while local branches face fines equal to twice the amount of the “unauthorized grant”. Furthermore, “political” money laundering (Article 194.3.d of the Criminal Code) now carries a prison sentence of 9 to 12 years.

The legislation also criminalizes “external lobbying”, prohibiting transfer of assets to foreign entities for political advocacy related to Georgia, with individual offenders facing up to 6 years in prison and organizations facing forced liquidation. To further insulate the political field, the amendments introduce an eight-year ban on political party membership for anyone who has worked for an organization receiving more than 20% of its income from foreign sources. Heads of parties found receiving foreign funding now face up to 6 years of imprisonment.

The law also targets persons with a “declared party-political goal”, subjecting them to the same strict financial audits as registered political parties. Submitting incomplete or false declarations, or failing to fix errors, is punishable by fines, community labor of up to 200 hours, or a ban on holding office and conducting activities for up to 3 years.

Under a new “extremism” clause (Article 316¹ of the Criminal Code), the law penalizes “systematic acts” or calls directed at establishing a perception of the government’s illegitimacy. Individuals convicted under this clause face up to 3 years in prison, while legal entities face liquidation. Additionally, commission of a crime motivated by the “non-recognition” of the government is now an aggravating circumstance, increasing minimum prison sentences by at least 1 year.

Notably, private sector is also affected, as businesses are now prohibited from engaging in political activity “unrelated to their primary commercial goals”, facing administrative fines, community labor of up to 600 hours or up to 3 years of imprisonment for repeat violations.

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For questions or inquiries please contact:

Sandro Bibilashvili, Partner
sandro.bibilashvili@bgi.ge

Luka Kodua, Associate
luka.kodua@bgi.ge

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