

საქართველოს ახალგაზრდა იურისტთა ასოციაცია GEORGIAN YOUNG LAWYERS' ASSOCIATION



GYLA believes Accumulated Pension System is Unconstitutional

A legislative package has been initiated in the Parliament of Georgia on amendments to the Law of Georgia "On the Accumulated Pension System" and other accompanying legislative acts. According to the amendments, **it is planned to introduce an accumulated pension system in parallel to the social pension.** The financial support of the scheme will be provided by **mandatory pension contributions of the employed, employers and the state.**

As a pension contribution is a **mandatory payment, its part shall be directed to finance activities of the pension agency, increases expenses, reduces revenue, is not reimbursed in case of employers and with regards to employees it depends on the effective performance of the Agency, and if taken into account the case-law of the Constitutional Court, it should be**

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under Article 94 of the Constitution of Georgia.

Consequently, as **compulsory pension contributions have not been provided for in the Georgian legislation so far, it appears that a new type of tax is being introduced which is only possible through a referendum. Thus, in order to meet the formal criteria for restricting property rights, adopting the obligatory pension contributions in the proposed form should be implemented on the basis of a referendum - with the maximum involvement of the population.**