



Georgian Legal News Refer to the Law

Important amendments to the organic law of Georgia "On the National Bank of Georgia"

On 22 March 2017 an important amendment was made to the organic law of Georgia "On the National Bank of Georgia", the purpose of which is to ensure the stability of the finance system and replace the LEPL Financial Supervision Agency with the National Bank of Georgia as the body responsible for supervision over the financial sector. Therefore, taking into account the function of supervision over the financial sector, a list of rights and obligations of the National Bank of Georgia has been determined under the amendments.



Due to the foregoing amendments, certain amendments have been made into other Georgian laws, including:

- Law on Commercial Bank Activities
- Law on Non-bank Depository Institutions
- Law on Insolvency Proceedings
- Law on Entrepreneurs
- Law on Microfinance Institutions

- Law on Payment Systems and Payment Services
- Law on Collective Investment Undertakings
- Law on State Fees
- Law on the Securities Market



Draft bill “On the Insurance System of Deposits”

The draft bill “On the Insurance System of Deposits” has been tabled in the parliament of Georgia, the purpose of which is to ensure the security of deposits through a specific reimbursable sum.

The draft bill sets forth the legal grounds for a deposit insurance system in Georgia, Deposit Insurance Agency and administration of funds of insurance deposits. It regulates compulsory insurance of deposits placed by natural persons in commercial banks and relations related thereto.

The adoption of the foregoing bill may give rise to amendments to the following laws, namely:

- Law on Insurance
- Organic Law on the National Bank of Georgia
- Law on Commercial Bank Activities
- Law on licenses and Permits
- Tax Code of Georgia
- Law on State Fees

Case Law

On 2 March 2017 a decision by the Appellate Court of Tbilisi on the termination of labor relations (# 28/6113-15), rendered on 14 July 2016, was published.

In the case in question, the judicial panel paid attention to Article 37(g) of the Labor Code of Georgia, which provides that gross violation of a labor contract is a basis for the termination of labor relations.

The panel notes that in the presence of the preconditions provided by the law, an employer is entitled to terminate labor relations with an employee, however, the

foregoing right must be exercised properly, with careful observation of regulation and in a manner as to avoid misuse of the right. In this respect, the Ultima Ratio principle in labor law is of utmost importance, which entails that the dismissal of an employee may be carried out only in case if, taking into account the offence (breach) committed and severity thereof, imposing a lighter sanction on the employee is meaningless.

On that account, the panel underscores that every breach may not serve as a basis for dismissal of an employee. Accordingly, any breach committed by an employee must be assessed in light of the frequency, severity and, most importantly, the result thereof. Hence, in order for an employer to consider the dismissal of an employee as adequate, necessary and proportionate action, the existence of a severe breach that renders the use of another lighter sanction inadvisable, is necessary.

If you have any questions regarding the information provided in this newsletter, please contact one of the Tax & Legal professionals at our Deloitte office in Georgia:

Giorgi Tavartkiladze
Director of Tax & Legal Department

gtavartkiladze@deloitte.ge

Giorgi Khurodze MLB (Bucerius/WHU)
Head of Legal, Attorney at Law

gkhurodze@deloitte.ge



deloitte.ge

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 244,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2017 Deloitte & Touche LLC. All rights reserved.