



Georgian Legal News Refer to the Law

New Law on Deposit Insurance System

On 17 May 2017, the parliament of Georgia adopted Law on Deposit Insurance System, which came into effect on 2 June 2017. The law regulates the mandatory insurance of deposits placed in commercial banks by natural persons and relations related thereto. Accordingly, the purpose thereof is to ensure security of deposits through the specific amount of compensable sum should a commercial bank face problems as to the payment of deposits.



The law additionally provides for the creation of a deposit insurance system in Georgia; the legal form, management, and the authority of the Deposit Insurance Agency; and administration of the deposit insurance fund.

In order to ensure compliance with the law, certain changes have been made to the following laws:

- Law of Georgia on Insurance;
- Law of Georgia on Activities of Commercial Banks;
- Law of Georgia on Licenses and Permissions;
- Tax Code of Georgia;
- Law of Georgia on State Fees.



Important amendment to the Law of Georgia on Ownership of Agricultural Land

By virtue of the decision of the parliament of Georgia, the effect of Article 4(1) (b) of the law has been suspended from 22 June 2017 until the entry into force of the constitutional draft law. The article provides for the transfer of an agricultural land under the ownership of a foreign citizen or a legal person shareholder whereof is a foreign citizen or a company registered outside Georgia.

Order 93/04 of the President of the National Bank of Georgia

On 22 June 2017, the President of the National Bank issued an order defining the exceptions from Article 34(2¹) of the Law on the National Bank of Georgia which sets forth that prices be indicated in Georgian Lari. This requirement, however, does not apply to the following:

1. The sale of aeroplane tickets, hotel, travel, and gambling services so long as these services are provided in a foreign language.
2. International freight transportation – including by sea and land – and all kinds of railway transportation.
3. The sale of goods/services in free industrial places, free industrial zones, and airports.
4. Roaming services.
5. Insurance services abroad.
6. Patenting, registration, and deposit of intellectual property objects.
7. Import, export/re-export and/or transit of electrical energy, natural gas, oil, and water.
8. Service rendered/work executed and/or delivery of goods by or for non-resident persons (including, by permanent establishment thereof).
9. Delivery of goods and/or work (including construction works) in the energy sector financed – including partially – by international and/or financial institutions and/or foreign investors.
10. Realisation of goods and/or provision of services within the scope of activities performed in the field of energetics on the occupied territories;
11. Performance of obligations under international contacts/agreements and memoranda of Georgia or to other cases provided by law.
12. Services rendered in a foreign currency via foreign payment systems.

13. Freely negotiable securities, which verify ownership of shares in a foreign company or their equivalent; negotiable debt instruments/obligation; other negotiable securities which provide for the right to purchase them by signing, buying or exchanging or performance whereof is made by covering difference between current and agreed prices or which envisage payment against the right issued by joint investment funds; money or currency exchange market instruments; valuable metals on balance sheet; as well as obligations related to the aforementioned instruments, rights on these instruments or related rights.

The order entered into force on 1 July 2017.

Draft law on labour safety

The parliament of Georgia is reviewing the draft law on labour safety. The bill aims to ensure protection of safety and health of employees at their workplaces, and namely:

- It set forth the rights, obligations and responsibilities of governmental bodies, employers, employees, representatives of employees and other persons in relation to workplace, with the aim of creating a safe and healthy work environment;
- Improvement of the organization and management of the labour safety at workplaces.
- Prevention and reduction of incidents and occupational illnesses.

The bill aims to create a uniform standard for enterprises on the labour market regarding operation with the view on labour safety, make a distinction between and specify rights and obligations of employers and employees.

The law will apply to harmful and dangerous works, the list whereof will be determined by the government of Georgia within six months after the law enters into force.

Possible changes to the Civil Code of Georgia

The parliament is reviewing a draft law, containing amendments to the Civil Code, which aims to introduce a quick and flexible out-of-court mechanism, whereby a lessor, in case of a dispute, will be able to return an object of the lease – a vehicle and/or an auxiliary technical tool of an agricultural machine set forth by Article 63 of the Law of Georgia on Traffic.



According to the amendments, a lease certificate is an enforceable act, whereby a lessor will be able to request compulsory return of an object of the lease under his possession by presenting the lease certificate at an enforcement institution.

Possible amendments to the Law of Georgia on Copyright and Related Rights and the Law on Trademarks

The parliament is reviewing respective draft laws, the purpose whereof is to ensure compliance with the obligations of Georgia as assumed under the association agreement.

To ensure that trademark, copyright, and related rights holders and database creators effectively exercise their rights, the bills aim to exhaustively set forth the legal mechanisms for preventing, stopping and imposing of adequate sanctions for breach of rights which are not envisaged by the procedural legislation currently in force. This will promote the effective enforcement of special rights in terms of civil legislation.

Possible amendments to the Code of Civil Procedure of Georgia

The foregoing amendments have been initiated in the parliament, which aim to exhaustively determine the legal mechanisms for preventing, stopping, and imposing of adequate sanctions for breach of rights, which are not envisaged by the procedural legislation currently in force or require different procedural regulation due to specifics of the rights concerned.

The proposed amendments envisages regulations on security of evidences and a claim related to breach of special rights to intellectual property, receipt of information and procedural measures for enforcement of court decisions.

Draft law on the mandatory insurance of civil liability by the owner of a vehicle registered in a foreign country and driven in Georgia

The parliament of Georgia is reviewing a draft law which aims to regulate the civil relations arising out of a traffic incident caused by any type of vehicle registered in a foreign country and driven in Georgia and whereby a damage was inflicted to life, health and property.

Court decision

On 30 March 2016, Tbilisi Appeals Court rendered important decision on recognition/enforcement of an arbitral award, which was officially published on 29 June 2017 (Case No. 28/3594-15).

The panel emphasized that the loan agreement in question was concluded in an electronic form. The contract stipulates that the debtor undertakes obligation to familiarize oneself with the contract, fill it out in full and electronically agree on the application, whereby the debtor also verifies that he has detail knowledge thereof and agrees therewith. The contract further provides that in case of failure to agree, dispute shall be resolved by a permanent arbitration or legal successor thereof. The panel notes that the contract concerned has not been signed by the debtor.

Furthermore, the evidence which would decisively prove familiarization with the provisions of the contract by the debtor is absent in the case. Even if it had been presented, taking account the fact that the debtor is a natural person, solely familiarization with the contract and verification thereof electronically would not be tantamount to concluding an arbitration agreement pursuant to Article 8 of Law of Georgia on Arbitration.

Therefore, the panel considers that an arbitration agreement was not concluded in compliance with the Law of Georgia on Arbitration and the Civil Code of Georgia, wherefore the court refused to grant the motion on recognition and enforcement of the arbitral award.

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:

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