

Georgian Tax & Legal News

Refer to the Law



Possible changes to the Georgian Tax Code

The Parliament of Georgia is currently considering amendments to the Georgian Tax Code aimed at facilitating natural persons redemption of their homes from ex-creditors.

According to the draft, an ex-creditor will be exempt from VAT for the transfer of the apartment/house to a debtor, if the ex-creditor has received such property as a secured asset under their contractual obligations.

New law on Innovations

The Parliament of Georgia is currently discussing a draft law on Innovations. The aim of the law is to develop economic activities based on innovation.

The draft law aims to determine the subjects and their rights regarding innovation activities, deals with Government granting of issues for the innovations, and promotes the creation of a system of intellectual products and exportation of these products.

The main purpose of the draft law is to develop a social and economic environment.

The following laws may be affected by the draft law and subsequently require respective amendments:

- Law on Grants
- Georgian Patent Law
- Georgian Tax Code
- Law on Science, Technology and Their Development

Possible changes to the Insurance Law

The aim of the draft Insurance Law is to launch a uniform management standard for insurance companies, which will be based on precisely determined responsibilities of employees and will be subject to control.

The possible changes will enhance and develop the conditions of the licenses that comply with European standards and will reduce the risk of the existence of unsuitably qualified insurance companies on the insurance market. The draft law will reinforce the financial positions of the insurance companies. Additionally, the draft law helps ensure that the insurance system is in compliance with international standards and protects consumers' rights.

Possible changes to the Law on Registration Fees

The Parliament of Georgia is currently considering amendments to the Law on Registration Fees aimed at developing the investment environment on the securities market and promoting public offers of securities for international financial institutions (especially large volume securities).

Pursuant to the draft law, the registration fees of securities and public offers are determined by 0.1 percent of their total values, but no more than GEL 5,000.

According to the possible changes, the appropriate natural or legal person will not pay registration fees until 1 January 2021.

Case Law

On 17 March 2016, the Supreme Court of Georgia issued an important interpretation related to a default ruling (case No. სს - 121-117-2016).

The question related to the following situation: the decision of the appeal court that had been made since the defendant failed to present an appeal response.

The court stated that the provision regulating litigation in first instance courts that deal with the default ruling shall be applied at the court of appeal along with the amendments and additions provided in the chapter on proceedings.

The court also explained that even though rules regulating advance hearing at first instance almost fully apply to litigation to appellate court, default ruling of the appellate court has unique peculiarities. An appeal response, as a procedural mean, cannot be identified with a statement of defence against the claim. Therefore, failure of the defendant to submit his/her/its appeal response should not lead to the same consequences as failure to present a statement of defence.

The court further explains that the default ruling of the appellate court is not appropriate if it is made through the failure of the defendant to present his/her appeal answer, as the appellate court considers the same disputed facts and evidence that were submitted at the first instance and failure to submit appeal response does not change merits of the case.

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