

## Georgian Tax & Legal News

### Refer to the Law



### Amendments to the Tax Code of Georgia

In January 2016, a bill offering amendments to the Tax Code was submitted to the Parliament of Georgia. The bill stipulates the following:

- An increase in the tax on dividends from 5% to 15%;
- The complete abolition of Corporate Income Tax, which currently stands at 15%;
- A decrease in the Personal Income Tax rate from 20% to 17.5% and, starting from 2018 a further reduction to 15%.

If the bill is passed, these amendments to the Tax Code shall enter into force from the date of publishing.

### Amendments to the Georgian Law on Insolvency Proceedings

The Parliament of Georgia is discussing a bill on amendments to the Georgian Law on Insolvency Proceedings. The goal of the bill is to bring the regulations concerning the commencement of insolvency procedures into line with best practice.

According to the amendments, Article 14 shall specify that debtors may request bankruptcy as well as rehabilitation in the insolvency application. In such cases, the debtor shall submit a rehabilitation plan Along with the application. Creditors, who do not meet the established requirements, but are able to ground the commencement of the insolvency procedures for the debtor, shall also be authorized to file such applications.

The law also shall clearly stipulate the authority of creditors to request information regarding insolvency proceedings from the debtor's guardian, out of the necessity to reflect this practice in the legislation.

The amendments stipulate that actions taken within 1 year before the application is made shall be considered harmful for the creditors; previously, this term is currently 6 months. If the contractor is a related party or a relative of the debtor, this term shall be extended to two years.

## Amendments to the Laws on Broadcasting and Electronic Communications

The Parliament of Georgia is discussing a legislative bill regarding amendments to the Law on Broadcasting.

The amendment establishes a minimum length for over-the-air TV broadcasts in order to maximize the use of frequency resources and to ensure that consumers are provided with continuous broadcasting at least two-thirds of the time. Broadcasters of High Definition programs shall have priority.

The language of news and socio-politically themed programs shall be Georgian only; however, this regulation shall apply to over-the-air general broadcasting.

The amendments to the Law on Electronic Communications will define the term “High-Definition.”

In addition, the bill establishes that if a broadcaster does not broadcast for 30 consecutive days or does not broadcast for 45 days in a year, it shall lose its place in the multiplex platform and shall be replaced with a different broadcaster.

## Case Law

On 27 May 2015, the Appeals Court of Georgia issued an important interpretation on the use of interim measures (case №28/2074-15).

The court emphasizes that a fair balance between the applicant’s rights and the interests of the respondent should be maintained. Furthermore, the main principle of procedural law, namely that court decisions should be enforceable, should be guaranteed when using an interim measure.

In this case, the claim amounted to 161.56 GEL. The claimant requested the seizure of the respondent’s vehicle and bank accounts to ensure the claim.

The Appeal Court ruled that the right to be limited by the interim measure was not proportional to the amount of claim. Considering the amount of the claim, there was no reasonable doubt that the decision would be enforced or that the enforcement process would be impeded. The court added that the nonexistence of such a doubt *per se* excludes the necessity of using an interim measure.

# Deloitte Legal

## Representing Tomorrow



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