

Georgian Tax & Legal News

Refer to the Law



Important amendments to the Georgian Tax Code

Amendments to the Georgian Tax Code that change the Georgian corporate income tax regime will come into force on 1 January 2017.

According to the amendments, objects of corporate income tax will be:

- Distributed profits;
- Expenses incurred or paid that are not connected to economic activity;
- Goods supplied or services rendered free of charge and/or delivery of financial resources;
- Incurred representative costs that exceed the maximum amount established by the legislation of Georgia.

Technical Regulation for Hazelnuts

Government of Georgia has adopted Ordinance No185 on Approval of the Technical Regulation for Hazelnuts, which will come into force on 1 June 2016.

The technical regulation sets forth certain principles for the export of hazelnuts. The Ordinance covers specific requirements for the safety, packaging and labeling of hazelnuts for export along with hygiene requirements for the business operators and some procedures for controlling the export of hazelnuts in compliance with the rules stated in the technical regulation.

The LEPL National Food Agency operating under the management of Ministry of Agriculture of Georgia and the business operators are obliged to control the compliance of the exported hazelnuts with the technical regulation.

Possible amendments to the Georgian Law on Non-state Retirement Insurance

The parliament of Georgia is currently discussing some technical amendments to the law on non-state retirement insurance. The aim of these changes is to distinguish some obligations and responsibilities between the National Bank of Georgia and the LEPL Insurance State Supervision Service of Georgia related to founder of the non-state retirement insurance, the asset management company and the specialized depositor.

Case Law

The Supreme Court of Georgia made an important decision on 23 February 2015 regarding the interpretation of unclear legal provisions related to lease payments (Case #სს-1144-1090 -2014).

In the case in question, the appellant required payment of lease price and penalties according to a lease contract. Judges had to interpret some provisions of the lease contract to determine the exact amount of the lease payment.

The Supreme Court of Georgia, pointing out Articles 52, 334 and 338 of the Civil Code of Georgia, ordered that the interpretation of a contract depends on the parties' relationship, the use of default provisions, traditions and usage of trade. Contract interpretation is vital to determining the aim of the agreement. All provisions have to be interpreted, and none of them shall be deprived of their importance.

The Court applied the Principles of European Contract Law (para. 5:101 – 5:107). Under these principles, a contract shall be interpreted according to the will of the parties in the event that the contract provisions are different from the literal meaning of the wording.

Furthermore, the civil code of Georgia governs mutually exclusive and ambiguous expressions in a contract. According to the code, if there are mutually exclusive and ambiguous expressions in a contract, preference shall be given to the expression that is most in accordance with the overall content of the contract.

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