

Georgian Tax and Legal News Refer to the Law



Launching of the Commercial Collegiums/Chambers

On 24 October 2016 a meeting of the interdepartmental coordinating board of private law reforms was held in the Ministry of Justice, where the invited guests considered launching specific commercial collegiums/chambers that will focus on business and tax cases in order to solve disputes faster and more effectively.

The aim of the reform regarding the setup of the commercial collegiums/chambers is to develop quality and speed in commercial disputes; it will facilitate the improvement of the investment climate in Georgia, attract direct foreign investments, increase the volume of investments and help to develop economic conditions in Georgia. The main aims of this reform are to deprive the courts of commercial cases and to decrease the volume of the submitted cases.

Until July 2017, the Bill regarding the setup of the commercial collegiums/chambers is presumably going to be submitted to the Parliament of Georgia. Moreover, according to the possible amendments, judges will have to complete courses in corporate law, tax law, commercial law and other respective laws in foreign countries.

What you should know - Law of Georgia on Accounting, Reporting and Auditing

In June 2016, the "Law of Georgia on Accounting, Reporting and Auditing" was signed into legislation. In addition to this, amendments to the tax code in relation to profit tax were introduced into legislation in May 2016.

These two laws will have a significant effect on the business environment in Georgia specifically as it relates to IFRS financial statements and their use, publication and accessibility by the general public.

Please follow the [link](#) for more detailed information.

Case Law

On 22 July 2016, the Tbilisi Court of Appeals made an important decision in respect of the provisional measures as well as the recognition and enforcement of an arbitration award (Case No 28/1798-13).

The Court ordered that refusing the recognition and enforcement of an arbitration award does not deprive the party of standing up for their rights in court according to the General Civil Procedure rules.

Furthermore, the Court ruled that the provisional measures have to be used unlawfully in order to indemnify damages incurred from these measures.

The prerequisites for indemnifying damages incurred from the provisional measures are the following: an ungrounded action, withdrawing an action or not filing a claim in spite of the provisional measures used before filing the claim.

If none of the legal prerequisites exists, indemnifying damages shall not be used.

Case law

On 1 July 2016, the Tbilisi Court of Appeals made an important decision regarding the period of limitation (Case No 28/1053-15).

The Court ruled that the period of limitation means the period of time when a party has the right to use and defend their rights lawfully. After the determined time has expired, the right still exists, but it is unrealized, i.e. applying the right thoughtfully depends on the willingness of the request's addressee, it is the specification of the period of limitation.

Pursuant to Article 137 of the Civil Code of Georgia, the running of the period of limitation shall be interrupted if the obligor acknowledges the claim toward the obligee by paying an advance or interest, by providing security, or otherwise.

Accordingly, in respect of the period of limitation related to the periodic performance of the obligation, the court ordered that each payment means acknowledgement of the obligations that causes interruption of the running of the period of limitation.

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