



Georgian Legal News Refer to the Law

Important amendments to the Tax Code of Georgia

On 17 November 2017, several important amendments to the Tax Code came into effect, according to which tax incentives have been extended to motorcycles (including mopeds) under the National Commodity Nomenclature of Foreign Economic Activities Code 8711, including:

- VAT exemption – Article 168(1)(m); and
- Excise exemption without right to deduction – Article 194(5) (k).



Law on Accounting, Reporting, and Audit

The amendments to the Law on Accounting, Reporting, and Audit made by the Parliament of Georgia entered into force on 13 November 2017, including:

- Article 2(1) (X.H) of the Law has been amended, under which Public Interest Entity (the "PIE") shall mean a legal entity determined by the Agency* on the bases of the criteria approved by the Government of Georgia (except for the National Bank of Georgia); and

- Article 20(3) (B) has been amended to stipulate that the Agency will ensure the following: determination of the rules for preparing and submitting reports; development of uniform policies and other legal acts in the fields of accounting, reporting, and audit; granting subjects the PIE status; of additional rules and requirements for processes and procedures on financial reporting for PIEs, (including along with the relevant Regulatory/Supervisory body).

Under the amendments, the Government of Georgia shall ensure the approval of criteria for granting PIE status no later than 1 January 2018.

*Note: the Agency refers to the Supervisory Agency of Accounting, Reporting, and Audit – the sub-agency operating under the Ministry of Finance (Article 2 (1)(I) of the Law).



Order №N-22 of the Head of the Supervisory Agency of Accounting, Reporting, and Audit, dated 14 November 2017

Under Order №N-22 of the Head of the Supervisory Agency of Accounting, Reporting, and Audit, dated 14 November 2017, which entered into force on 16 November 2017, the following amendments were made to the Order №N-15 of the Head of the Agency, dated 18 September 2017:

- Article 7(3) was amended to stipulate that if the audit is conducted by an engagement partner on the basis of the data kept in the State Registry of Audit firms, the name and tax ID of the audit firm(s) where the partner is employed will automatically be recorded. If the number of audit firms is more than one, the engagement partner will indicate the audit firm on behalf of which he/she was acting when conducting the audit.

Free Trade Agreement Between Georgia And China

The Agreement with China was signed in May 2017 in Beijing and will become effective on 1 January 2018 in Georgia.

The Free Trade Agreement applies to all Georgian produce except for grains, rice, flour (amongst others, potato flour) as well as wool, tobacco, certain articles made

of wood, paper, wallpaper, envelopes, cardboard and other articles of paper, excluding books and notes.

As for the Chinese goods, duty-free trade will not extend to certain sorts of beef, mutton (fully), potato seeds, artichokes, olives, zucchini cultures, Indian corn, almonds, nuts, chestnuts, kiwi, persimmons, apricots, citrus fruit, raspberries, sugar, spirits, tobacco and tobacco products.

Case Law

On 20 January 2012, the Civil Panel of the Supreme Court of Georgia rendered an important interpretation on compensation of non-pecuniary damages under Article 413 of the Civil Code (Case N 36-1156-1176-2011).

The Panel held that in relations envisaged by private law, moral or emotional suffering may occur, however the compensation thereof is permissible only in cases specifically provided by law.

The panel held that non-pecuniary damages are awarded for emotional and mental suffering caused by harm inflicted on a person's health, as opposed to harm to a person's health as a result of mental suffering caused by a pecuniary damage.

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:

Giorgi Tavartkiladze
Director of Tax & Legal Department

gtavartkiladze@deloitte.ge

Giorgi Khurodze MLB (Bucerius/WHU)
Head of Legal, Attorney at Law

gkhurodze@deloitte.ge



deloitte.ge

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