



Georgian Legal News

Refer to the Law

Changes to the Order No. 49/04 of the National Bank of Georgia

As of 7 May 2018, commercial banks may not provide loans to customers without the full analysis of their creditworthiness. According to the new regulation:

- The total sum of loans provided without the full analysis of the creditworthiness (except for those secured by precious stones and metals or immovable properties, within the limits of the secured sum) may not exceed 25% of the supervisory capital of a bank;
- The total sum of loans secured by immovable properties that are provided without the full analysis of the creditworthiness may not exceed 15% of the supervisory capital of a bank;
- The following is not taken into account during calculation of the limits: loans secured by deposits that are lodged in the same bank (within the limits of the secured sum) if the currency of the loan and the deposit is the same, the term of the loan does not exceed the term of the deposit and the deposit is unconditionally enforceable in favour of the bank.





Tax Code of Georgia

As of 30 April 2018, Article 202(4) of the Tax Code was invalidated by virtue of the decision of the Constitutional Court (№ 2/7/667). The article provided that “[T]he tax authorities may, during a tax audit, set the value of the taxable property of a taxpayer at its market price”. Furthermore, the Constitutional Court of Georgia in a decision dated 28 December 2017 (№ 2/8/734) held that Article 241(8) and the second sentence of Article 265(2) are unconstitutional. Accordingly, bills have been initiated that comply with the requirements set by the foregoing decisions.

Under the initiated amendments:

- The tax authorities shall set the value of a taxable property at its market price only in cases where the taxpayer complies with the criteria set forth by the order of the Minister of Finance;
- An application from the tax authorities or the National Bureau for Enforcement on the approval of seizure by the court, in lieu of a possibility to hear the application without oral hearing, shall hear the application with oral hearing within five days, which enables the parties to present their opinions and evidence;
- If the grounds for referring to the court’s request that an urgent field tax audit be held is the precondition provided by Sub-paragraph “F” of Paragraph 1 of Article 265 (the tax authorities have information that an individual plans to avoid observing tax obligations by transferring assets to another person), the tax authorities shall be entitled to place a tax pledge/mortgage on the property of a taxpayer, yet within the range of the value that includes the assets provided by the precondition, irrespective of whether the taxpayer has any tax liability. If the court does not grant the tax authorities permission to hold an urgent field tax audit, the tax pledge/mortgage shall be removed.

Possible amendments to the Labour Code

On 10 April 2018, a draft bill on amendments to the Labour Code was initiated at the Parliament of Georgia, which aims to set forth the rights of an intern (a trainee) whereby the rights of interns (trainees) deriving from labour relations will be protected.

According to the amendments:

- Labour relations shall be the performance of work by an employee for an employer under organised labour conditions in exchange for remuneration. Labour relations may also entail labour relations between an intern (a trainee) and an employer with or without remuneration;
- An employed intern (trainee) is a natural person who, in accordance with the rule set forth by this Code, enters into labour relations with an employer with the aim to increase their qualifications, gain experience and/or develop professionally;
- Duties of an intern (a trainee), work conditions, amongst others, issues related to granting a holiday shall be determined by the contract concluded between an intern (a trainee) and an employer;
- A labour contract is concluded between an employer and an intern (trainee) which should not exceed six months. Following the expiration of the contract term, a new contract shall be concluded with the term not exceeding the foregoing term.

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:

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