



## **Georgian Legal News**

### Refer to the Law

#### **Tax Code of Georgia**

On 11 May 2018, amendments were made to the Tax Code, according to which Paragraph 4<sup>1</sup> was added to Article 202, in particular:

In cases approved by the order of the Minister of Finance of Georgia, during a tax audit the tax authorities may determine the value of the taxable property of a taxpayer at the market price. The foregoing provision does not apply to the cases provided by Article 202(2) hereof. If the market price of a taxable property exceeds its book value:

- a) The property tax principal will be credited for the difference in the value of a taxable property. Furthermore, a penalty for the foregoing amount shall be imposed only following the 30<sup>th</sup> day after the tax request is served, and the aforementioned difference shall not be deemed as a tax reduction;
- b) The individual shall apply the foregoing market price to the respective taxable property for the subsequent three tax years.

The amendment aims to eliminate the discriminatory application of the article's previous formulation by the tax authorities.

## **The Law of Georgia on Public - Private Partnership**

On 4 May 2018, the Parliament of Georgia adopted the law on Public - Private Partnership, which aims to establish a transparent, effective and modern legal and institutional framework for public - private partnership that will facilitate the deepening of cooperation between the state and the private sectors, as well as the improvement of the investment and business environment, and will create an environment that is attractive for investments.

The law sets forth legal grounds for public and private partnership, among others, rules and procedures for the development and implementation of public and private partnership projects, the principles of public and private partnership, a relevant institutional system, as well as other issues pertaining to public and private partnership.

In order to comply with the law, amendments were made to different laws, including:

- The Law of Georgia on Arbitration
- The Law of Georgia on State Property
- The Law of Georgia on Public Procurement

## **Expected Changes in the Banking and Financial Sector**

On 31 May 2018, several drafts of the legislation amendments were submitted by the Ministry of Finance of Georgia to the Parliament for review. These amendments aim to establish several important principles in the banking and finance sector, including:

- Reducing the effective annual rate of a loan to 50 percent;
- Prohibiting the use of vehicles and immovable property as a security by private lenders;
- Prohibiting the demand of another property from a customer by a lender apart from the pledged property;
- Prohibiting the calculation of a penalty from the total sum of a loan.

# Contacts

**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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