

# *PwC Georgia Tax & Law Brief*

19 April 2017

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## **Draft Amendments to the Law of Georgia on Tobacco Control**

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The Parliament of Georgia has passed the draft law on the first hearing according to which the main amendments are as follows:

***Tobacco smoking  
in building***

- Prohibition on tobacco smoking in any building from 1 January 2018. The restriction does not apply to the individual residential areas and penal institutions;

***Promotion of  
tobacco products***

- Prohibition on all kinds of advertising of tobacco products, its accessories and/or its consumption devices;

***Deployment of  
tobacco products***

- Prohibition on distribution of tobacco products, its accessories and/or its consumption devices through a draw, lottery, lotto, or other profitable or non-profitable types of gambling games and/or on any other form of promotion of tobacco products;

***Restrictions of  
realization of  
tobacco***

- Prohibition on visible deployment of tobacco product, i.e. it will be prohibited to place tobacco product, its accessories and/or its consumption devices in showcases, on shelves, on counters or on any other places where they are visible from the outside and/or inside of the unit;

***Pictograms &  
medical warnings***

- Prohibition on realization of tobacco product, its accessories and/or its consumption devices directly to the persons in transport;
- Prohibition on retail selling of tobacco product, its accessories and/or its consumption devices through internet or post;
- Mandatory rules for putting pictograms and for increasing size of medical warnings on tobacco boxes.

***Tobacco  
product***

According to the draft law the term “tobacco product” will be expanded and it will include tobacco product such as, for example, “tobacco for hookah”, “dipping tobacco”, “electronic cigarettes and materials/cartridges/capsules of other similar devices containing nicotine”.

Source: The Parliament of Georgia, 5 April 2017

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## **Draft law on Rules of Expropriation of Property for Pressing Public Needs**

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The draft law on Rules of Expropriation of Property for Pressing Public Need has been submitted to the Parliament of Georgia.

### ***Steps of expropriation***

- According to the draft amendments, expropriation is divided into the following steps: Pre-expropriation, obtaining right to expropriation and implementation of expropriation.

### ***Eviction***

- Under the draft law, property expropriation for public need can be carried out through amicable settlement and forced eviction.

### ***Pre-expropriation***

- Pre-expropriation covers procedures for settled eviction, when an expropriator receives the property from an owner through a purchase agreement.

### ***Obtaining right to expropriation***

- Forced eviction covers obtaining right to expropriation, when an expropriator receives the property for public need through an order issued by the Minister of Economic and Sustainable Development of Georgia and a court decision. It is prohibited to commence forced eviction until property owner rejects an offer of settled eviction.

### ***Implementation of expropriation***

- Implementation of expropriation covers issues related to enforcement of court decision, registration of the property subject to expropriation at the Public Registry and property release.

### ***Terms for property release***

- Under the draft law, after enforcement of court decision and registration of the property at the Public Registry, an expropriator determines reasonable terms for a former owner to release the property, in particular, with respect to the lands with buildings – not more than 1 month, as for the lands without buildings - not more than 14 calendar days.

### ***“Police Eviction”***

- In case of violation of the terms by a former owner, an expropriator may apply to law enforcement authorities and request eviction of illegal possessor of the property. Therefore, according to the explanatory note of the draft law, law enforcement authorities will partially return so-called “Police Eviction” function regarding the property subject to expropriation.

*Source: The Parliament of Georgia, 10 April 2017*

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## **Decision of Tbilisi Appellate Court**

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### ***Validity of lease agreement***

- The claimant sought rent determined under the lease agreement from the defendant. The Court of First Instance satisfied the claim. The defendant appealed the decision indicating the following: The lease agreement was executed for the period of more than 1 year and, according to the Law of

Georgia on Public Registry, it subjected to mandatory registration. Since, the lease was not registered at the Public Registry the defendant deemed that the agreement was void.

- The Appellate Court rejected appellant's opinion. According to the court, registration of the agreement regarding real estate intends to ensure publicity and protection of the interests of third parties. However, the fact of non-registration cannot invalidate the agreement automatically. It enters into force for the parties to the agreement and not for the third parties if they do not know about the agreement.

*Source: Tbilisi Appellate Court, case №28/5318-15, 4 April 2017*

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## Let's talk

For a deeper discussion of how this issue might affect your business, please contact us at PwC Georgia

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