
PwC Georgia Tax & Law Brief

4 April 2018

Draft Law of Georgia on Accumulation of Pensions

The draft law on Accumulation of Pensions has been initiated to the Parliament of Georgia and is pending 1st hearing.

Amount of pension contribution

- According to the draft law, if the annual gross salary of an employee does not exceed GEL 60 000, the employee and employer shall separately deposit 2% of the gross salary to the individual pension account of the pension scheme participant.
- The government shall transfer to an employee's individual pension account 2% of the gross salary, if such salary does not exceed 24,000 GEL annually, and 1% of the gross salary if the annual gross salary is between 24 000-60,000 GEL.

Compulsory participation in the pension scheme

- Participation in the pension scheme will be mandatory for employees under the age of 40. Employees who have become 40 by the time the law enters into force, will be able to participate in the pension scheme on voluntary basis. As for self-employed, they will voluntarily join the system regardless of their age.

Pension Agency

- The draft law provides for the establishment of Pension Agency, which will be responsible for managing and administering the pension scheme.
- According to the draft law pension assets will be invested and as a result, investment income will be further accrued.
- For investment purposes, the investment council shall be created under the Pension Agency, that will be responsible for developing the investment policy. The investment policy will determine the types of assets in which the pension assets might be invested.
- The Investment Council will be authorized to transfer pension assets to one or more asset management company that will be selected based on the competition.

Investing of pension assets

- Upon participation in the pension scheme, each participant will have an opportunity to select the type of risk portfolios for his/her pension assets. Otherwise, pension assets will be invested by the following principle:

- a) For participants under 40 – high risk portfolio;
 - b) For participants between 40-50 – medium risk portfolio;
 - c) For participants above 50 – low risk portfolio.
- The National Bank of Georgia will monitor the investment activities.

Source: The Parliament of Georgia, 4 April 2018

Draft Amendments to the Civil Procedure Code of Georgia

***Securing possible
damages caused by the
provisional measures***

- The parliament of Georgia has passed the draft amendments to the Civil Procedure Code on the second hearing, according to which a person who has applied to court for provisional measures shall provide security for possible damages to the defendant within the period determined by the Court, which term shall not exceed 30 days. The previous regulation provided for maximum term of 7 days.
- If the security for possible damages to the defendant is not provided, the court shall immediately deliver a ruling on cancelling the provisional measure.
- The ruling on the cancellation of provisional measure may be appealed within 5 days. No such term was provided under the Civil Procedure Code.

Source: The Parliament of Georgia, 4 April 2018

Let's talk

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

Sergi Kobakhidze

Director, Tax & Law Practice

E-mail: sergi.kobakhidze@pwc.com

Tel: + 995 32 250 80 50

Vano Gogelia

Head of Legal Practice

E-mail: vano.gogelia@pwc.com

Tel: + 995 32 250 80 50

PwC in Georgia offers Integrated Assurance, Tax, Legal and Advisory services. PwC Network globally employs 208,109 people in 756 locations across 157 countries who share their thinking, experience and solutions to develop fresh perspectives and effective practical advice.

PwC Georgia **Tax Services** includes tax advisory services, tax reviews and tax compliance, transfer pricing compliance, representation during tax disputes, tax structuring, double tax treaty advice, tax due diligence support, customs matters and others.

PwC Georgia **Legal Services** offers a full range of legal support in corporate and commercial law, corporate reorganizations, corporate secretarial work, M&A, competition compliance & litigation, secured transactions, employment law, immigration, construction law and other. With over 3,200 lawyers across more than 85 countries, we have the broadest geographical coverage of any legal services network in the world.

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwC does not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2018 PwC. All rights reserved. PricewaterhouseCoopers Georgia LLC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.