



Georgia

Deloitte Legal

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Georgian Legal News

Refer to the Law

Amendments to the Law “On Medicines and Pharmaceutical Activities”

On December 1, 2022, Parliament passed a draft law amending the Law “On Medicines and Pharmaceutical Activities” on its third reading.

The amendments set reference prices for medicines determining the upper price limits for medicines being sold.

Initially, reference prices will apply to 1,000-1,200 medicines used to treat chronic diseases and malignant tumors, although it is planned to extend the reference prices to other medicines in the future.

The amendments also regulate issues related to the wholesale distribution of pharmaceutical products without GMP (Good Manufacturing Practice) and GDP (Good Distribution Practice) certificates in Georgia. Sanctions will be imposed if GMP and GDP certificates are missing.

The changes aim to improve public access to medicines in Georgia.

The Draft Law on Micro-banks

On December 13, 2022, Parliament passed a draft law "On Micro-Banks" on the second reading.

The bill envisages establishing a new financial institution, which, given its function and content, will operate between banks and microfinance organizations. The financial institution will be created as a micro-bank to operate in the sector where commercial bank interest is relatively low due to high operating costs. Micro-banks will mainly issue credits to the entrepreneurial and agricultural sectors and provide loans only in national currency.

The bill regulates micro-bank licensing issues; the acquisition of significant share, management and operational requirements; supervisory measures and sanctions of the National Bank of Georgia.

The bill was drafted by the Ministry of Finance and the National Bank.

Amendments to the Law "On Copyright and Adjoining Rights"

On December 14, 2022, Parliament passed amendments to the Law "On Copyright and Adjoining Rights" on its first reading.

The draft law serves to protect the interests of property right holders, as well as the rights of other market participants, i.e., deal second parties and aims to establish fair market competition conditions.

Under the amendments, following a violation of intellectual property rights, the holder will be able to demand monetary compensation from the offender, while the offender will be obliged to indemnify the holder within two weeks of any such request, in the amount of monetary compensation receivable by the intellectual property holder plus 10%. If the offender does not pay monetary compensation in the specified amount within two weeks, the holder will be entitled to go to court.

Processing of the amendments has been expedited.

Tax Code amendments

On January 1, 2023, important changes in the Tax Code of Georgia came into force.

Certain changes were made to the regime of taxation of banking institutions, credit unions, microfinance organizations, lending entities, including determining of the standards of accounting of the interest income and reserves for the potential losses. According to other important changes:

- The object of profit tax for commercial banks, credit unions, microfinance organizations, and loan issuers is the difference between gross income received during the calendar year and deductions stipulated under the Tax Code.
- Commercial banks, credit unions and microfinance organizations will recognize interest accrued on loans as income and deduct reserves for possible loan losses from gross income according to IFRS.
- The corporate income tax rate for commercial banks, credit unions, microfinance organizations, and loan issuers is 20%.
- Dividends issued by commercial banks, credit unions, insurance organizations, microfinance organizations, and loan issuers from 2023 profits and subsequent periods are not taxed at the source of payment and should not be included in the gross income of the recipient of dividends.
- Until January 2024, the object of profit tax for insurance organizations will be the difference between gross income received during the calendar year and deductions stipulated under the Tax Code.

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