

EY Tax and Law Brief

March 2019

Anticipated Amendments to the Tax Code of Georgia

- On 18 March 2019, the Draft Law on Amendment of the Tax Code of Georgia was initiated in the Parliament of Georgia.
- According to the Draft Law, the Article 206 of the Tax Code, in particular its subparagraph "a" of the section will be amended, based on which taxable property (except land) of an individual will be exempted of the property tax according to the respective object of taxation, provided that the revenues earned by the family member of such individual during the year preceding the current calendar year exceeds GEL 60,000, instead of GEL 40,000.
- In the event of adoption of the Draft Law, it will become effective upon publication.

Source and date of publication: the website of the Parliament of Georgia; 18/03/2019.

Organic Law of Georgia on Occupational Safety

- On 4 March 2019, Organic Law of Georgia on Occupational Safety was published on the website of the Legislative Herald of Georgia.
- Objective of the Organic Law is the protection of safety and health of employees, determination of the rights, liabilities and responsibilities of state agencies, employees, employers, representatives of employees and other employed persons, as well as the mitigation and prevention of safety incidents and professional diseases.
- The requirements of the Organic Law will apply to all fields of economic activities in view of the occupational safety, including labor relations under the Labor Code of Georgia from 1 September 2019.

- The Organic Law will become effective gradually, and enter into full force from 1 September 2019.

Source and date of publication: the Legislative Herald of Georgia; 04/03/2019.

The Order of the President of the National Bank of Georgia on the Approval of the Cybersecurity Management Framework of the Commercial Banks

- On 25 March 2019, Order No. 56/04 of the President of the National Bank of Georgia on the Approval of the Cybersecurity Management Framework of the Commercial Banks was published on the Legislative Herald of Georgia.
- According to the Order, each bank operating in Georgia shall have the cybersecurity management framework.
- The Order prescribes that the cybersecurity management framework shall correspond to the size and the complexity of a commercial bank.
- According to the Order, the cybersecurity management framework shall comply with the activities performed by a commercial bank and it shall be fully integrated into the entire process of its risk management.
- The Order became effective on 1 April 2019.

Source and date of publication: the Legislative Herald of Georgia; 25/03/2019.

The Draft Law of the Organic Law of Georgia on the Amendment of the Labor Code of Georgia

- On 27 March 2019, the Draft Law of the Organic Law of Georgia on the Amendment of the Labor Code of Georgia was published on the website of the Parliament of Georgia.
- According to the Draft Law, an employer is the job requestor in labor relations. He/she may be an individual, a legal entity, a body of persons or a public establishment.
- An employee is the performer of works in labor relations. He/she may be only an individual.
- According to the Draft Law, a labor relation is a legal relation established between the job requestor and an individual.
- In the event of adoption of the Draft Law, it will become effective upon publication.

Source and date of publication: the website of the Parliament of Georgia; 27/03/2019.

The Draft Law on the Amendment of the Law of Georgia on Insurance

- On 27 March 2019, the Draft Law on the Amendment of the Law of Georgia on Insurance was published on the website of the Parliament of Georgia.
- According to the Draft Law, insurer, insurance intermediary, is liable to protect consumers' rights at each stage: pre-contractual, during the validity of the contract and throughout the full performance of liabilities therefrom.
- According to the Draft Law, the insurer is liable to publish the information about the direct holder of 10% or more than 10% of the shares and the beneficiary holder of significant interest, in the form and according to the procedures established by the Insurance State Supervision Service of Georgia.
- In the event of adoption of the Draft Law, it will become effective gradually and enter into full force from 1 August 2019.

Source and date of publication: the Legislative Herald of Georgia; 27/03/2019.

The Draft Law of the Organic Law of Georgia on Agricultural Land Ownership

- The Draft Law of the Law of Georgia on Agricultural Land Ownership is reviewed in the Parliament of Georgia.
- The Draft Law applies to the agricultural land plots existed on the territory of Georgia and relations associated thereto.
- According to the Draft Law, an agricultural land plot may be under the ownership of a foreigner, provided that such land plot is inherited. In such case, the foreigner is obliged to use the land plot only for the agricultural purpose. In the event of failing to perform the said obligation, the foreigner shall alienate the land plot within the period of three years.
- According to the Draft Law, based on the decision of the Government of Georgia, based on the respective investment plan, an agricultural land plot may belong to the legal entity of private law registered in Georgia, dominant partner of which is a foreigner or/and a legal entity registered abroad. In case such legal entity fails to perform the obligations determined by the investment plan, it shall alienate the land plot within one year.
- Should a foreigner or legal entity registered in Georgia fail to alienate the agricultural land plot within period determined by the Draft law, such land will be transferred under the ownership of the state. This requirement applies the legal entity, dominant partner of which is a foreigner or/and legal entity registered abroad.
- Subject to the Draft Law on Determination of Targeted Land Use and Sustainable Management of Agricultural Land, agricultural land plot and buildings and constructions bound to it (if any) shall be transferred to the State based on the advance consideration. In addition, the rule of establishing cost of the property and its compensation shall be determined by the resolution of the Government of Georgia.

- Should the person responsible for alienation of an agricultural land plot disagree with the terms and conditions of transferring the title to the land plot and buildings and constructions bound to it to the State, the alienation shall be provided in accordance with the rule of deprivation of property for the necessary public needs.
- In the event of adoption of the Draft Law, it will become effective gradually and enter into full force from 1 January 2020.

Source and date of publication: the website of the Parliament of Georgia; 27/02/2019.

The Draft Law of Georgia on Mediation

- On 13 March 2019, the Draft Law of Georgia on Mediation was published on the website of the Parliament of Georgia.
- The said Draft Law determines general principles of mediation, the rule of organization and activities of professional union of mediators, authorities of mediators and other issues related with the mediation process.
- According to the Draft Law, it applies to the mediation carried out based on the agreement on mediation of the parties and the judicial mediation prescribed by the Civil Procedure Code of Georgia, considering the peculiarities of the Civil Procedure Code of Georgia.
- In the event of adoption of the Draft Law, it will become effective gradually and enter into full force from 1 January 2020.

Source and date of publication: the website of the Parliament of Georgia; 13/03/2019.

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