

Tax and Legal Newsletter

Upcoming Changes in Tax legislation

In April, 2018 Parliament of Georgia agreed to a bill regarding amendment in Tax Code of Georgia.

The proposed amendment related to article 202. In accordance with existing version of paragraph 4 of this article for certain tax payer the tax authority has right to use fair value of long leave assets as basis for calculation of Property tax. Per proposed amendment tax authority shall use fair value measurement only for those tax payers which have financial criteria set force by the Ministry of Finance.

Other Legal Updates

Civil Procedure Code of Georgia

New amendment have been made in the Civil Procedure Code of Georgia concerning indemnifying damages incurred from provisional measures.

According to the amendment, If the court assumes that the enforcement of provisional measures will cause damage to the defendant, the court may enforce the provisional measures and at the same time, request the person who applied to the court for provisional measures to provide security to compensate possible damages that the other party may incur. The court may also order the provision of security based on the application of the opposite party.

A person who has applied to the court for provisional measures shall be obligated to provide security for possible damages to the defendant within thirty days

(in previous version of the law the term was seven days). Otherwise, the court shall immediately deliver a ruling cancelling the provisional measures. The ruling may be challenged with a complaint within 5 days. This time limit may not be extended.

Important Court Cases

The Court of Appeals of Georgia has made an interesting decision regarding termination of Credit (loan) Agreement and Guarantee.

As stated by article 873 of Civil Code of Georgia, a lender may terminate the credit agreement if the repayment is to be made in instalments but the borrower has delayed the repayment of at least two instalments in a row. The termination shall take effect if the repayment is not made even within the additional two-week grace period.

According to the Court's explanation, the analysis of the article indicates that the issuer of the credit (lender) is entitled to terminate the credit agreement if the borrower fails to fulfill the obligation to return the part of the loan twice a year.

The right to terminate the agreement is the right of the lender and it is not the obligation. The agreement shall not be automatically terminated if a borrower has delayed the repayment of at least two instalments in a row. The Parties shall express their wish to terminate the agreement.

The Court observed that within the period of limitation is considered the time when the authorized person can exercise or protect his rights. The specificity of the Institute of period of limitation is that after the expiration of the established deadline, the right to request is unbiased, however, it is not exercisable.



More precisely, the realization of this right depends on the will of the demand recipient. Article 130 of Georgian Civil Code says that limitation shall commence from the moment at which the claim arises and the claim shall be deemed to have arisen from the moment at which the person became or ought to have become aware of the violation of the right. Hence, while calculation the limitation period, determining moment of starting is the most important.

In this case, there is an obligation, fulfillment of which is subject to periodic performance. The main feature of the periodic performance of the obligation is that the non-fulfilment of the obligation for each period of payment shall be considered separately.

Regarding the guarantee, the court explained that the failure to provide information to the grantor does not cause his full release of the liability. This is only the basis for reducing his responsibility. It is noteworthy that the reduction only applies to the damage that arise from the lender's failure to provide information. If the creditor fails to perform the abovementioned action, he/she shall forfeit his/her claims against the grantor to the extent of the damages caused by the non-performance.



This newsletter contains information about Legal, Tax and court practice latest updates. Every effort is made to provide accurate and complete information. However, Baker Tilly Georgia cannot guarantee that there will be no errors. These informational materials are not intended, and should not be taken, as legal or tax advice on any particular set of facts or circumstances. Please, contact our professionals for specific Tax or Legal issues.

Contact Information

Baker Tilly Georgia Ltd, 44, Abkhazi St.
(Meidan Palace BC) 0105, Tbilisi.
(+ 995 32) 2438 999
office@bakertillygeorgia.ge
www.bakertillygeorgia.ge

Baker Tilly Georgia Ltd is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly Georgia Ltd is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly Georgia Ltd, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.