

## **Tax and Legal Newsletter**

### **Upcoming Changes in Tax legislation**

In May, 2018, the following amendments in Tax Code of Georgia have entered into legal force:

In cases, determined by the rules promulgated by special order of Minister of Finance of Georgia, tax authority is entitled to determine taxable value of property of the enterprise based on market price provided that the market price of a taxable property exceeds its carrying amount.

In addition, this norm shall not apply to those state enterprises which are in special list defined by Government and those enterprises if their financial statements are audited and real estate are measured in financial statement in accordance with revaluation model, financial statements can be used for only 4 years.

### **Other Legal Updates**

#### **Law of Georgia on Licenses and Permits and Administrative Offences Code of Georgia**

New amendments have been made in Law of Georgia on Licenses and Permits concerning obtaining permit for using vehicle as taxi (transport of M<sub>1</sub> Category). The above mentioned activity was not subject to permits and different regulations from other motor vehicles management until May 2018.

According to the amendment, permit for the transportation of passengers in the capital city by taxi, will be issued by the government of the capital or the authorized structural unit of the Tbilisi City Hall. The permit shall be subject to certain fee and except for exceptional cases, will be issued disposably for defined or indefinite period.

The abovementioned amendment has resulted other amendments to various legal acts of Georgia, including the Code of Administrative Offenses of Georgia which provides responsibility for transportation of passengers by taxi without the permit in the capital (200 GEL) and for transportation of passengers by violation of permit conditions (in the amount of 100 GEL). If a person does not voluntarily pay the fine within the fixed period the person shall be subject to a penalty for the offence provided above of two times the amount of the fine. For the purpose of revealing the above mentioned administrative offense, the authorized service provider, individual or legal person shall be entitled to undertake inspection at any time during the calendar year.

### **Important Court Cases**

The Court of Appeals of Georgia has made an interesting decision regarding satisfaction of testator's creditors.

A loan and mortgage agreement between the parties was signed. With the purpose of ensuring the obligations under the contract, mortgage agreement was concluded as provisional measure on the real estate owned by the debtor's parent. The borrower has died before returning the money and benefits to the claimant.



The deceased had no property at the time of his death. Accordingly, the defendants did not receive any assets or property. They have not applied to the Notary Bureau with the request to issue an inheritance certificate.

On the basis of the claimant's request, the notary has issued the enforcement sheet to the debtor.

The defendants defended themselves with the argument that they had not received the property, since the testator had no property, which excludes their liability for the decedent's debts.

The defendants had the argument that they had not received the property, since the testator had no property, which excludes their liability for the testator's debts.

In the present case, the Court clarified the question whether the applicant's claimants should be charged by the claimant or not.

“The heirs shall not be obliged to pay the debtor's loan based on the enforcement sheet. Their succession is based only on the fact that they represent a legal bridge, transit from the creditor's claim to the owner of the property that is mortgaged in order to carry out realization of mortgaged property to fulfil the obligation. In case of any other explanation of the issue, the death of an illicit debtor (which is why heirs can not acquire property) will always cause an unjustified restriction on the right of the creditor, which in itself contradicts the legitimate purpose of providing a mortgage as a provisional measure. Court decided to satisfy the requirement of realization of the mortgaged real estate.

The above-mentioned decision of the Chamber of Civil Cases of Tbilisi Court of Appeals in the case No. 28 / 2661-17 is publicly available to the Court website.



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