

Tax Legislation Updates

On May 25, 2021, The Parliament of Georgia has ratified the “Convention Between Georgia and Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income”. The Parliament of Georgia has also ratified the “Agreement Between Georgia and the Special Administrative Region of the Peoples Republic of China – Hong Kong - for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income”.

The Georgian Legislation in May 2021 has not undergone other important novelties with respect to tax issues.

Other Legal Updates

Discussions on the Bill on Entrepreneurs

On May 28, 2021, the Parliament of Georgia has approved the new Bill on Entrepreneurs with the 1 reading.

The Bill provides for important novelties with respect to the relations between the members of the business entities, regulates issues related to the establishment, reorganization of the enterprises, registration of the sole proprietorships, competencies of the Meeting of the Partners, authorities of the Supervisory Board, competition issues, as well as publicity of the registered data etc.

The Bill on Entrepreneurs reflects and regulates all the essential corporate law issues, which is established by the Directives of the European Union and the corporate law approaches of the leading countries.

After passing the Bill through all the readings, the new Bill is anticipated to substitute the Law of Georgia on Entrepreneurs, approved in 1994.

More detailed information on the novelties of the Bill can be found in our Tax and Legal Review of February 2021.

Discussions on the Bill on Enforcement Code

On May 28, 2021, the Parliament of Georgia has approved the Bill on Enforcement Code with the first reading, which establishes completely new system of enforcement.

Among the novelties the Bill provides, the Enforcers` Chamber is one of the important components of the new system, which will be composed of all enforcers. The Bill stipulates the terms and conditions of the establishment and activity of the Enforcers` Chamber, as well as the service provision by the National Enforcement Bureau.

The Bill determines the action territory for certain enforcers and establishes the e-system for the automated distribution of the cases on these territories.

The National Bureau of Enforcement will maintain the status of the Legal Entity of Public Law at the Ministry of Justice. According to the Bill the inspector shall ensure the enforcement of the cases of certain categories in the Bureau. The Bill dissociates the competencies of the National Bureau of Enforcement and the Notary.

By passing the new law on Enforcement code, the parliament of Georgia aims to replace outdated and defective law of Georgia on the Enforcement proceedings.

More detailed information on the novelties of the Bill can be found in our Tax and Legal Review of February 2021.

Court Practice

An interesting discussion can be found in the ruling of the Supreme Court of Georgia of May 27, 2021 on the application of the rules governing the protection of property rights in relation to the protection of trademarks.

The Court of Cassation pointed out that, according to the case law of the European Court of Human Rights, a trademark, from the moment of its registration in

accordance with national law, is a "property" protected by Article 1 of the First Additional Protocol to the European Convention on Human Rights (Anheuser-Busch Inc. v. Portugal). After the completion of the registration procedures, the trademark becomes the object of ownership and all legal regulations on property protection apply to it. In some cases, not only the registration of a trademark, but also the application for registration itself and even the legal status of a

seeker of trademark may already give rise to property rights which fall within the notion of "property" under Article 1 of Protocol No. 1.

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