

Tax Legislation Updates

No significant amendments were made to the Tax Legislation of Georgia in September 2021.

Other Legal Updates

Amendment to the Labor Code of Georgia

A new regulation will enact in the Organic Law of Georgia, Labor Code from January 1, 2022, according to which, the restrictions imposed under the Labor Code on concluding fixed-term employment agreements shall not apply to entrepreneurs under the Law of Georgia on Entrepreneurs if 48 months have not elapsed since their public registration (start-up companies) and if they meet the additional conditions (if any) established by the Government of Georgia. Meanwhile, the duration of a fixed-term labor agreement in such a case shall not be shorter than 3 months.

Draft Law of Georgia on “Ownership of Dematerialized Securities”

On September 16, 2021, the Government of Georgia initiated before the Parliament of Georgia adoption of the draft law on “Ownership of Dematerialized” Securities and amending related legislation, which envisages amendments to the law on “Securities Market”, “Investment Funds”, “Licenses and Permits”, “International Private Law” and other laws.

The draft law regulates the relations related to the ownership and circulation of dematerialized securities, as well as regulates the implementation of the rights arising from them (including during the liquidation of the account holder).

Receipts and transfers of dematerialized securities under the bill shall be made by crediting or debiting the

dematerialized securities on the account holder's securities account.

The operation of the securities transaction system, where the emission/issuance of dematerialized securities shall be registered and/or where the opening and transaction of securities takes place, shall be carried out by the Central Depository, which in turn shall be a legal entity, licensed by the National Bank of Georgia. As for the securities registration and transaction system for government securities of Georgia, which ensures the maintenance of the register of major holders of securities issued by the Ministry of Finance of Georgia on behalf of the government of Georgia or the National Bank of Georgia and settlement in accordance with the transfer orders provided by the system participants, will be administered by the National Bank of Georgia.

The draft law will apply to dematerialized securities held in Georgia, namely:

- (a) on government securities defined by the Law of Georgia on State Debt;
- (b) shares and equivalent securities issued by joint stock companies in accordance with the legislation of Georgia;
- (c) on debt securities issued by joint stock companies or other issuers, under public or private law, including on debt securities issued in Georgia by foreign issuers, under public or private law;
- (d) units of investment funds issued in accordance with the Law of Georgia on Investment Funds;
- (e) on debt securities issued in Georgia by international financial institutions;
- (f) on shares and equivalent securities, debt securities, investment fund units, issued abroad by Georgian or foreign issuers under public or private law;
- (g) on depository documents related to securities;
- (h) on any other type of security specified by the National Bank of Georgia.

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