

Merry Christmas and Happy New Year!

გილოცავთ შობა-ახალ წელს!



## Georgian Tax & Legal News

Refer to the Law

### Changes in law on Accounting and Financial Audit

Georgian Parliament currently discusses amendments aim of which are to set additional time for development of EU directives corresponding alterations in legislation. In addition, to reserve time and ensure that interests of all professional organizations will be collated and respective professions will be regulated according to the best practice.

According to changes, temporary accounting standards will be valid until 1 January 2016 instead of 1 January 2015. Additionally, financial reporting under the IFRS shall be mandatory as from 1 January 2016; however, an entity has a right to apply the above-mentioned standards until this time. Auditors/audit firms will not be required to become members of professional organisations until 1 January 2016.

### Expected amendments to the Tax Code

Georgian Parliament currently discusses amendments to Tax Code. According to the bill, import of tobacco and tobacco products will remain exempted from import duty until 1 January 2016.

New addition of Article 309(6) is offered. Tax privileges established in 2011 regarding supply of electricity and guaranteed power will be prolonged for the next year.

Natural Person, who do not use hired labour and conducts economic activity from point of sale located on the territory of bazaar will be exempted from the obligation to use cash registers. This privilege does not apply to those who are registered or are obliged to register as a VAT payer.

According to the last expected amendment, until 1 January 2016, natural person, letting living space for a short period may apply to the tax agency. In this case, such activity will be subject to income tax with fixed rate.

## Bill on Law on Arbitration

Parliament of Georgia discusses bill to improve Georgian legislation on arbitration.

The aim of the bill is to guarantee compliance of Law on Arbitration to UNCITRAL model law, to establish arbitration friendly environment in the country and eliminate gaps. The following amendments are considered to be enforced:

Unlike the existing wording, parties' right to agree on and refer to both: institutionalized and ad hoc arbitration in case of dispute will be precisely indicated in article 2 of the Law.

Institution will no more obliged to publish its rules in official publishing body.

In case the bill adopted, if the parties are natural persons, arbitration agreement should no more mandatorily to be signed by attorneys of the parties and be notarized.

It is of significant importance, that according to the new bill the court must cease the processing upon the request of one of the parties, in case parties have agreed to arbitrate, unlike the existing regulation.

The new bill will establish the rule about appointment of arbitrators in case the impossibility to appoint them according to the procedure, which was agreed between the parties.

Instead of district (city) courts, the Appeal Court will decide the competence of the arbitral tribunal.

Based on the request of the party, the court will be authorized to issue interim measures before the initiation of arbitral proceedings. Additionally, in some cases the tribunal will be authorized to set its own rules on enforcement of interim measures.

Also, the tribunal will be authorized and no more obliged to use interim measures. Likewise, the arbitral tribunal will be authorized to approve the settlement of the parties.

The bill will clarify grounds for refusal of recognition and enforcement and grounds of setting aside of an arbitral award.

State duty for application on recognition and enforcement as well as on setting aside of it will be GEL 150 while duty for discussion of other matters will be GEL 50.

And lastly, arbitrators will no more be considered to be subjects of crimes committed by officials according to the Criminal Code of Georgia.

## Case-Law

On 18 February 2014, the Administrative Chamber of the Supreme Court issued an important interpretation on current labour legislation (Case N: bs-463-451 (k-13)).

The court ruled that administrative authority is obliged to check validity of the declaration of intent even if an employee initiates the termination of labour agreement.

It is of utmost importance, labour agreement to be terminated according to the real intent of an employee. It should not be provoked by violence, compulsion, threat, promise or other unfaithful influence

# Deloitte Legal

## Representing Tomorrow



If you have any questions regarding the information provided in this newsletter, please contact one of the Tax & Legal professionals at our Deloitte office in Georgia:

**Giorgi Tavartkiladze**  
Senior Manager

[gtavartkiladze@deloitte.ge](mailto:gtavartkiladze@deloitte.ge)

**Dr. George Svanadze LL.M., MLB (Bucerius/WHU)**  
Head of Deloitte Legal, Attorney-at-Law

[gsvanadze@deloitte.ge](mailto:gsvanadze@deloitte.ge)

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36A Lado Asatiani St.  
Tbilisi, 0105, Georgia  
Office contact information:  
Tel: + 995 (32) 224 45 66  
Fax: + 995 (32) 224 45 69

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